

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

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 12, 2008

**AMERICAN INTERNATIONAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**1-8787**

(Commission File Number)

**13-2592361**

(IRS Employer  
Identification No.)

**70 Pine Street**  
**New York, New York 10270**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(212) 770-7000**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Section 8 – Other Events**

### **Item 8.01. Other Events.**

On May 16, 2008, American International Group, Inc. (“AIG”) closed the sale of 196,710,525 shares of its common stock, par value \$2.50 per share, at a public offering price of \$38.00 per share (the “Common Stock Offering”) and 78,400,000 equity units, initially consisting of purchase contracts and junior subordinated debentures, at a public offering price of \$75.00 per equity unit (the “Equity Units Offering”).

In connection with the Common Stock Offering and Equity Units Offering, AIG entered into the several agreements and other instruments listed in Item 9.01 of this Current Report on Form 8-K and filed as exhibits hereto. These exhibits are incorporated by reference into the Registration Statement (Nos. 333-150865, 333-143992 and 333-106040) related to the Common Stock Offering and the Equity Units Offering.

### **Item 9.01 Financial Statements and Exhibits.**

#### **(d) Exhibits**

- 1.1 Underwriting Agreement, dated as of May 12, 2008 between AIG and Citigroup Global Markets Inc., and J.P. Morgan Securities Inc., as representatives of the several underwriters named therein, relating to the Common Stock Offering.
  - 1.2 Underwriting Agreement, dated as of May 12, 2008 between AIG and Citigroup Global Markets Inc., and J.P. Morgan Securities Inc., as representatives of the several underwriters named therein, relating to the Equity Units Offering.
  - 4.1 Sixth Supplemental Indenture, dated as of May 16, 2008, between AIG and The Bank of New York, as Trustee.
  - 4.2 Seventh Supplemental Indenture, dated as of May 16, 2008, between AIG and The Bank of New York, as Trustee.
  - 4.3 Eighth Supplemental Indenture, dated as of May 16, 2008, between AIG and The Bank of New York, as Trustee.
  - 4.4 Form of 5.67% Series B-1 Junior Subordinated Debenture (included in Exhibit 4.1).
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- 4.5 Form of 5.82% Series B-2 Junior Subordinated Debenture (included in Exhibit 4.2).
  - 4.6 Form of 5.89% Series B-3 Junior Subordinated Debenture (included in Exhibit 4.3).
  - 4.7 Purchase Contract Agreement, dated as of May 16, 2008, between AIG and The Bank of New York, as Purchase Contract Agent.
  - 4.8 Form of Corporate Unit (included in Exhibit 4.7).
  - 4.9 Pledge Agreement, dated as of May 16, 2008, among AIG, The Bank of New York as the Purchase Contract Agent and Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary.
  - 5.1 Validity Opinion of Sullivan & Cromwell LLP relating to Common Stock.
  - 5.2 Validity Opinion of Sullivan & Cromwell LLP relating to Equity Units
  - 8.1 Tax Opinion of Sullivan & Cromwell LLP relating to Common Stock.
  - 8.2 Tax Opinion of Sullivan & Cromwell LLP relating to Equity Units.
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AMERICAN INTERNATIONAL GROUP, INC.**  
(Registrant)

Date: May 16, 2008

By: /s/ Kathleen E. Shannon  
Name: Kathleen E. Shannon  
Title: Senior Vice President and Secretary

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## EXHIBIT INDEX

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AMERICAN INTERNATIONAL GROUP, INC.

171,052,631 Shares

Common Stock, Par Value \$2.50 Per Share

Underwriting Agreement

May 12, 2008

Citigroup Global Markets Inc.,  
J.P. Morgan Securities Inc.,  
As Representatives of the several Underwriters  
named in Schedule I hereto.

c/o Citigroup Global Markets Inc.,  
388 Greenwich Street  
New York, NY 10013

c/o J.P. Morgan Securities Inc.  
277 Park Avenue  
New York, New York 10172

Ladies and Gentlemen:

American International Group, Inc., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated herein, to issue and sell to the firms named in Schedule I hereto (the "**Underwriters**"), for whom you are acting as Representatives (the "**Representatives**"), an aggregate of 171,052,631 shares (the "**Firm Shares**") of common stock, par value \$2.50 per share (the "**Common Stock**"), of the Company and, at the election of the Representatives acting on behalf of the Underwriters, to issue and sell to the Underwriters up to an additional 25,657,894 shares of Common Stock (the "**Optional Shares**"), and, together with the Firm Shares, the "**Securities**"), solely to cover over-allotments.

The Company is concurrently publicly offering equity units ("**Units**") consisting of a contract to purchase shares of Common Stock and an unsecured debt obligation of the Company (the "**Units Offering**") through other underwriters. The offering of the Securities is not contingent upon the completion of the Units Offering; the Units Offering is not contingent upon the offering of the Securities; and the Units are not being offered together with the Securities.

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) Registration Statements on Form S-3 (Registration Nos. 333-143992 and 333-106040) in respect of the Securities have been filed with the Securities and Exchange Commission (the "**Commission**"); the latest filed of such registration statements (Registration No. 333-143992), in the form heretofore delivered to the Representatives (excluding exhibits to such

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latest filed registration statement, but including all documents incorporated by reference in the prospectus describing Common Stock included in that registration statement, the “**latest filed registration statement**”), has been declared effective by the Commission in such form; the earlier filed registration statement also has been declared effective by the Commission; other than a registration statement, if any, increasing the size of the offering (a “**Rule 462(b) Registration Statement**”), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the “**Act**”), which became effective upon filing, since the delivery to the Representatives no other document with respect thereto or document incorporated by reference therein has been filed or transmitted for filing with the Commission (other than filings by the Company under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and other than preliminary prospectuses, preliminary prospectus supplements and other prospectuses filed pursuant to Rule 424(b) or Rule 433 of the rules and regulations of the Commission under the Act that relate to securities other than the Securities); and no stop order suspending the effectiveness of the latest filed registration statement or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (the basic prospectus describing Common Stock filed as part of the latest filed registration statement is hereinafter called the “**Basic Prospectus**”; any preliminary prospectus (including the Basic Prospectus as supplemented by any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) of the rules and regulations of the Commission under the Act is hereinafter called a “**Preliminary Prospectus**”; the various parts of the latest filed registration statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and the documents incorporated by reference in the Basic Prospectus at the time such registration statement became effective, and any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of that registration statement, each as amended at the time that registration statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the “**Registration Statement**”; the Basic Prospectus as amended and supplemented immediately prior to the Applicable Time (as defined in Section 1(c) hereof), is hereinafter called the “**Pricing Prospectus**”; the form of the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof is hereinafter called the “**Prospectus**” but excluding any Statement of Eligibility under the Trust Indenture Act of 1939, as amended; any reference herein to the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act, as of the date of such prospectus; any reference to any amendment or supplement to the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Exchange Act and incorporated therein, in each case after the date of the Basic Prospectus, such Preliminary Prospectus or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any “issuer free writing prospectus” as defined in Rule 433 under the Act relating to the Securities is hereinafter called an “**Issuer Free Writing Prospectus**”;

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and each Preliminary



Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein;

(c) For the purposes of this Agreement, the “**Applicable Time**” is 5:00 p.m. (Eastern time) on the date of this Agreement; the Pricing Prospectus, as supplemented by the information contained in the final term sheet prepared and filed pursuant to Section 5(a) hereof, taken together (collectively, the “**Pricing Disclosure Package**”) as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each other Issuer Free Writing Prospectus listed on Schedule II(a) hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus, and each such other Issuer Free Writing Prospectus, as supplemented by and taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or, in the case of an Annual Report on Form 10-K, omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of any other document filed under the Exchange Act, omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to (i) any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein, or (ii) any statement in any such document which does not constitute part of the Registration Statement, Pricing Prospectus or Prospectus pursuant to Rule 412 under the Act;

(e) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to the Registration

Statement and any amendment thereto and as of its date as to the Prospectus and any supplement thereto, contain an untrue statement of a material fact or, in the case of the Registration Statement, omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of the Prospectus, omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to (i) any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Underwriter through the Representatives expressly for use in the Prospectus or any amendment or supplement thereto, or (ii) any statement which does not constitute part of the Registration Statement or Prospectus pursuant to Rule 412 under the Act;

(f) The Company and each of its Significant Subsidiaries (as defined in Rule 1.02(w) of Regulation S-X) have been duly incorporated or organized and are validly existing corporations or other entities in good standing under the laws of their respective jurisdiction of incorporation or organization and have full power and authority to own their respective properties and to conduct their respective businesses as described in the Prospectus, except, in the case of any Significant Subsidiary, where the failure to be so duly incorporated or organized, validly existing, in good standing or have such power or authority would not, individually or in the aggregate, have a Material Adverse Effect (as defined in Section 1(j) below);

(g) Since the date of the latest audited financial statements incorporated by reference in the Basic Prospectus as amended or supplemented there has not been (i) any material change in the capital stock (other than as occasioned by Common Stock having been issued pursuant to the Company's employee stock purchase plans, equity incentive plans and upon conversion of convertible securities, repurchased by the Company pursuant to any previously announced stock repurchase program or the Units Offering) or long-term debt (other than as occasioned by the Units Offering and the offering of approximately \$5 billion of non-dilutive capital securities), or (ii) any material adverse change in or affecting the business, financial position, shareholders' equity or results of operations of the Company and its consolidated subsidiaries considered as an entirety, in each case, otherwise than as set forth or contemplated in such Basic Prospectus as amended or supplemented prior to the Applicable Time (any such change described in clause (ii) is referred to as a "**Material Adverse Change**");

(h) The Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, the Securities will be duly and validly issued, fully paid and nonassessable; and the Securities will conform in all material respects to the descriptions thereof contained in the Pricing Disclosure Package and in the Prospectus;

(i) The Company has an authorized equity capitalization as set forth in the Pricing Prospectus;

(j) The issue and sale of the Securities and the compliance by the Company with all of the provisions of this Agreement, and the consummation of the transactions herein contemplated, will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, or result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having

jurisdiction over the Company or any of its properties, except, in each case, for such conflicts, breaches, defaults and violations that would not have a material adverse effect on the business, financial position, shareholders' equity or results of operations of the Company and its subsidiaries considered as an entirety (a "Material Adverse Effect") or affect the validity of the Securities, nor will such action result in any violation of the provisions of the Restated Certificate of Incorporation, as amended, or the By-Laws of the Company; and no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required by the Company for the issue and sale of the Securities or the consummation by the Company of the transactions contemplated by this Agreement, except the listing of the Securities on the New York Stock Exchange and except such consents, approvals, authorizations, orders, registrations or qualifications the failure to obtain or make would not have a Material Adverse Effect or affect the validity of the Securities, and such consents, approvals, authorizations, orders, registrations or qualifications as have been, or will have been prior to the First Time of Delivery (as defined in Section 4 hereof), obtained under the Act and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws (including insurance laws of any state relating to offers and sales of securities in such state) in connection with the purchase and distribution of the Securities by the Underwriters;

(k) The consolidated historical financial statements and schedules of the Company and its consolidated subsidiaries included in the Preliminary Prospectus, the Prospectus and the Registration Statement present fairly, in all material respects, the financial condition, results of operations and cash flows of the Company as of the dates and for the periods indicated, comply as to form, in all material respects, with the applicable accounting requirements of the Act and have been prepared in conformity with U.S. generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein);

(l) The Company and its subsidiaries maintain "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Exchange Act); as disclosed in the Registration Statement, Preliminary Prospectus and the Prospectus, such disclosure controls and procedures were not effective at March 31, 2008;

(m) Neither the Company nor any of its Significant Subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its Significant Subsidiaries is currently subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, except for any such sanction that individually or in the aggregate would not have a Material Adverse Effect;

(n) The Company and its Significant Subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Registration Statement, the Preliminary Prospectus and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in the Registration Statement, the Preliminary Prospectus and the Prospectus, neither the Company nor any of its Significant Subsidiaries has received notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, in each case, except where the failure to

posses the same or the modification to the same would not, individually or in the aggregate, have a Material Adverse Effect; and

(o) There is no action, suit or proceeding pending, or to the knowledge of the executive officers of the Company, threatened against the Company or any of its subsidiaries, which has, or may reasonably be expected in the future to have, a Material Adverse Effect, except as set forth or contemplated in the Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a) hereof.

2. (a) Subject to the terms and conditions herein set forth, (i) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price set forth in Exhibit A to Schedule II, the number of Firm Shares set forth opposite such Underwriter's name in Schedule I and (ii) in the event and to the extent that the Representatives shall exercise the election to purchase Optional Shares as provided below, the Company agrees to issue and sell to the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the same purchase price set forth in clause (i) of this Section 2(a), the number of the Optional Shares as to which such election shall have been exercised (to be adjusted by the Representatives, if necessary, so as to eliminate fractions of shares of Common Stock) determined by multiplying the number of such Optional Shares by a fraction, the numerator of which is the maximum number of Firm Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Firm Shares that all of the Underwriters are entitled to purchase hereunder.

(b) Each Underwriter represents and agrees with the Company that it will comply with or observe any restrictions or limitations set forth in the Prospectus as amended or supplemented on persons to whom, or the jurisdictions in which, or the manner in which, the Securities may be offered, sold, resold or delivered.

(c) The Company hereby grants to the Underwriters the one-time right to purchase at the election of the Representatives up to 25,657,894 Optional Shares, solely for the purpose of covering over-allotments, if any, in connection with the offer and sale of the Firm Shares, at the purchase price set forth in clause (i) of Section 2(a). Any such election to purchase Optional Shares may be exercised by written notice from the Representatives to the Company, given within a period of 30 days after the date of this Agreement, setting forth the number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives, which shall in no event be earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless the Representatives and the Company otherwise agree in writing, earlier than three or later than five New York Business Days after the date of such notice. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

3. Upon the authorization by the Representatives of the release of such Securities, the several Underwriters propose to offer such Securities for sale upon the terms and conditions set forth in the Prospectus.

4. The Company will deliver the Securities to one or more of the Representatives for the account of each Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least twenty-four hours in advance, by causing Wells Fargo Bank, N.A., as registrar, to register the Securities in global book entry form in the name of Cede & Co., or such other nominee as The Depository Trust Company (“**DTC**”) may designate, and shall cause DTC to credit the Securities to the account of one or more of the Representatives at DTC. The time and date of such delivery and payment, with respect to the Firm Shares, shall be 9:30 a.m., New York City time, on May 16, 2008 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Shares, shall be 9:30 a.m., New York City time, on the date specified by the Representatives in the written notice given by the Representatives of the Underwriters’ election to purchase the Optional Shares, or at such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the “**First Time of Delivery**”, such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called an “**Optional Time of Delivery**”, and each such time and date for delivery is herein called a “**Time of Delivery**”.

The documents to be delivered at a Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross-receipt for the Securities, will be delivered at the offices of Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004 (the “**Closing Location**”), and the Securities will be credited to the account of the Representatives at DTC, all at such Time of Delivery. A meeting will be held at the Closing Location at 4:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto.

5. The Company covenants and agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission’s close of business on the second business day following the date of this Agreement; to make no further amendment or supplement (other than an amendment or supplement as a result of filings by the Company under the Exchange Act and other than amendments or supplements in connection with the Units Offering or offerings of unsecured debt securities of or guaranteed by the Company) to the Registration Statement or the Prospectus prior to the First Time of Delivery which shall be disapproved by the Representatives promptly after reasonable notice thereof; between the signing of this Agreement and the First Time of Delivery, to give reasonable advance notice to the Representatives of any filings by the Company under the Exchange Act that are incorporated by reference into the Prospectus and any filings by the Company under Item 2.02 or 7.01 of Current Report on Form 8-K; between the signing of this Agreement and the First Time of Delivery, to advise the Representatives promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed (other than an amendment or supplement as a result of filings by the Company under the Exchange Act and other than amendments or supplements in connection with the Units Offering or offerings of unsecured debt securities of or guaranteed by the Company) and to furnish the Representatives with copies thereof; to prepare a final term sheet, containing solely a description of the Securities, in the form set forth in Exhibit A to Schedule II hereto and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by

such Rule; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities, and during such same period to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed with the Commission (other than an amendment or supplement as a result of filings by the Company under the Exchange Act and other than the filing of prospectuses, preliminary prospectuses, preliminary prospectus supplements, issuer free-writing prospectuses and other documents pursuant to Rule 424(b) or Rule 433 under the Act that relate to the Units Offering or securities other than the Securities), of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Securities, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any such prospectus relating to the Securities or suspending any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings in such jurisdictions for as long as may be necessary to complete the distribution of the Securities; *provided, however*, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) From time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issuance of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the

expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its security holders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c)), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) During the period beginning from the date hereof, and continuing to and including the date 90 days after the date hereof or such earlier time as the Representatives may notify the Company, not to offer, sell, contract to sell, grant any option to purchase, or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any person in privity with the Company, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act in respect of, any shares of Common Stock, or any options or warrants to purchase any shares of Common Stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, or otherwise publicly announce an intention to effect any such transaction (other than (1) the offer and sale of Securities pursuant to this Agreement and the Units Offering, (2) the grant of awards pursuant to the Company's employee benefit, employee stock purchase and other similar plans, in each case, as existing on the date hereof (the "**Employee Benefit Plans**"), (3) the offering, sale, settlement or issuance of securities pursuant to any award or security issued under or pursuant to an Employee Benefit Plan or the Assurance Agreement, by the Company in favor of eligible employees, dated as of June 27, 2005, relating to certain obligations of Starr International Company, Inc., (4) the issue of shares of Common Stock or options, contracts or rights to acquire Common Stock in connection with the acquisition of a business or assets so long as the total number of shares of Common Stock issued or issuable does not exceed 3% of AIG's then outstanding shares of Common Stock, or (5) with the consent of the Representatives); and

(f) To use all commercially reasonable efforts to ensure that, no later than the First Time of Delivery, the Securities will be listed on the New York Stock Exchange.

6. (a) The Company and each Underwriter agree that the Underwriters may prepare and use one or more preliminary term sheets relating to the Securities containing customary information; *provided* that such information has been approved by the Company before the first communication with prospective investors in the Securities containing such information is used;

(b) Each Underwriter represents that it has not and will not use, authorize use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than (A) any written communication permitted under subparagraph (a) above, (B) the final term sheet prepared and filed pursuant to Section 5(a) hereof, or (C) any written communication prepared by such Underwriter and approved in writing by the Company in advance;

(c) The Company represents to the Underwriters that it has not and will not use, authorize use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than (A) any written communication permitted under subparagraph (a) above, (B) the final term sheet prepared and filed pursuant to Section 5(a) hereof, (C) a press release or other announcement relating to the Securities that complies with Rule 134 or Rule 135 under the Act and that the Company issues after giving notice to the Representatives of its intent to issue a press release, or (D) any written communication approved by the Representatives in advance in writing;

(d) Any such free writing prospectus the use of which has been consented to by the Company or the Representatives, as the case may be (including the final term sheet prepared and filed pursuant to Section 5(a) hereof), is listed on Schedule II(a) hereto;

(e) The Company represents and agrees that it has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission, where required, and legending; and

(f) The Company agrees that if at any time following the issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus, or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will, if the Underwriters are then required to deliver a prospectus under the Act in respect of sales of Securities (or, in lieu thereof, the notice referred to in Rule 173 under the Act), give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus, the Pricing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters; (ii) the cost of printing, word-processing or reproducing this Agreement, any Blue Sky and Legal Investment Memoranda and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 5(b) hereof, including the fees and disbursements of the Underwriters' counsel in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (iv) any filing fees incident to any required review and clearance by the Financial Industry Regulatory Authority of the terms of the sale of the Securities; (v) the fees and expenses of the Company's registrar and transfer agent; and (vi) all other costs and expenses incident to the performance of its obligations hereunder which are



not otherwise specifically provided for in this Section 7, but the Company shall not in any event be liable to any of the Underwriters for damages on account of loss of anticipated profits from the sale by them of the Securities. It is understood, however, that, except as provided in this Section 7, Section 9 and Section 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties (except in the case of the Optional Time of Delivery the representations and warranties in Sections 1(c), 1(g) and 1(o)) and other statements of the Company herein shall be true and correct, at and as of each Time of Delivery (it being understood, however, that in the case of the Optional Time of Delivery the representations and warranties in Sections 1(h) and 1(j) shall be limited to the Optional Shares), the condition that the Company shall have performed, in all material respects, all of its obligations hereunder theretofore to be performed and the following additional conditions:

(a) No stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission or, to the knowledge of the executive officers of the Company, shall be contemplated by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Act (in the case of an Issuer Free Writing Prospectus to the extent required by Rule 433 under the Act) and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Davis Polk & Wardwell, counsel to the Underwriters, shall have furnished to the Representatives such opinion, dated each Time of Delivery, with respect to the validity of the Securities, the Registration Statement, the Pricing Disclosure Package, the Prospectus, and other related matters as the Representatives may reasonably request (it being understood, however, that in the case of the Optional Time of Delivery, that the opinion shall only cover validity of the Optional Shares), and the Company shall have furnished to such counsel such documents as they reasonably request to enable them to pass upon such matters;

(c) Sullivan & Cromwell LLP, counsel for the Company, shall have furnished to the Representatives their opinion or opinions, dated each Time of Delivery, to the effect set forth in Schedule III hereto (it being understood, however, that in the case of the Optional Time of Delivery, that the opinion shall only cover the opinion in paragraph (1) and, with respect to the Optional Shares, the opinion in paragraph (2) set forth in Schedule III hereto);

(d) Kathleen E. Shannon, Senior Vice President, Secretary and Deputy General Counsel of the Company, shall have furnished to the Representatives her opinion, dated each Time of Delivery, to the effect set forth in Schedule IV hereto (it being understood, however, that in the case of the Optional Time of Delivery, that the opinion shall only cover the opinion in paragraphs (i), (ii) and (iii) set forth in Schedule IV hereto and shall be limited to the Optional Shares);

(e) On the date of the Prospectus at a time prior to the execution of this Agreement and the First Time of Delivery, the independent registered public accounting firm who

have audited the financial statements of the Company and its subsidiaries incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus shall have furnished to the Representatives a letter, dated the respective dates of delivery thereof, to the effect set forth in Schedule V hereto, and with respect to such letter dated such Time of Delivery, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives;

(f) Since the respective dates as of which information is given in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and prior to the First Time of Delivery, there shall not have been in the reasonable judgment of the Representatives any Material Adverse Change, otherwise than as set forth or contemplated in the Prospectus (excluding any amendment or supplement thereto);

(g) The Company shall have furnished or caused to be furnished to the Representatives a certificate of the Chief Executive Officer, the President, any Vice Chairman, any Executive or Senior Vice President or any Vice President and a principal financial or accounting officer of the Company, dated each Time of Delivery, in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement (except in the case of the Optional Time of Delivery the representations and warranties in Sections 1(c), 1(g) and 1(o), and it being understood, however, that in the case of the Optional Time of Delivery, the representations and warranties in Section 1(h) and 1(j) shall be limited to the Optional Shares) are true and correct, in all material respects, as of each Time of Delivery, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied, in all material respects, at or prior to each Time of Delivery, that no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are threatened by the Commission, and that, with respect to the First Time of Delivery only, since the respective dates as of which information is given in the Pricing Disclosure Package, there has not been any Material Adverse Change, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented in accordance with Section 5(a) hereof;

(h) On or after the date hereof and prior to the First Time of Delivery, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange if the effect of any such event, in the reasonable judgment of the Representatives, is to make it impracticable or inadvisable to proceed with the purchase by the Underwriters of the Securities from the Company; (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, other than any such outbreak, escalation or declaration arising out of or relating to the U.S. war on terrorism that does not represent a significant departure from the conditions that exist at the date hereof, if the effect of any such event in the reasonable judgment of the Representatives is to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated by the Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a) hereof; (iv) the suspension of trading in the Common Stock on the New York Stock Exchange, if the effect of such event in the reasonable judgment of the Representatives is to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated by the

Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a) or (v) any downgrading in the rating accorded the Company's senior debt securities by Moody's Investors Service, a subsidiary of Moody's Corporation, or Standard & Poor's, a division of the McGraw-Hill Companies, Inc., if the effect of such event in the reasonable judgment of the Representatives is to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated by the Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a);

(i) The Securities to be delivered on the First Time of Delivery or Optional Time of Delivery, as the case may be, shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance; and

(j) The "lock-up" agreements, each substantially in the form of Schedule VI hereto, between you and executive officers (as defined in Rule 16a-1(f) of the Exchange Act) and directors of the Company shall be delivered to you prior to the First Time of Delivery.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package (or any amendment or supplement thereto), or any Issuer Free Writing Prospectus, or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse such Underwriter for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by such Underwriter expressly for use therein; and *provided, further*, that the foregoing indemnity agreement contained in this Section 9(a), with respect to the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased Securities, where (i) prior to the Applicable Time the Company shall have notified such Underwriter that the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus contains an untrue statement of material fact or omits to state therein a material fact necessary in order to make the statements therein not misleading, (ii) such untrue statement or omission of a material fact was corrected in a further amendment or supplement to the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing

Prospectus, or any amendment or supplement thereto, or, where permitted by law, an Issuer Free Writing Prospectus, and such corrected Prospectus or Issuer Free Writing Prospectus was provided to such Underwriter prior to the Applicable Time, (iii) such corrected Registration Statement, Prospectus, Preliminary Prospectus or Issuer Free Writing Prospectus (excluding any document incorporated by reference therein) was not conveyed to such person at or prior to the contract for sale of the Securities to such person and (iv) such loss, claim, damage or liability would not have occurred had the corrected Registration Statement, Prospectus, Preliminary Prospectus or Issuer Free Writing Prospectus (excluding any document incorporated by reference therein) been conveyed to such person as provided for in clause (iii) above.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company or such controlling person may become subject, under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party under such subsection, except to the extent that it has been prejudiced by such failure. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff that is not subject to further appeal, the indemnifying party agrees to indemnify each indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party

is or could have been a party and indemnification could have been sought hereunder by such indemnified party, unless such settlement (x) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters of the Securities on the other from the offering of the Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters of the Securities on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and such Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by such Underwriters in respect thereof. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading relates to information supplied by the Company on the one hand or by such Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Securities in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to such Securities and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the respective Underwriters and each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Underwriter, the Representatives do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Securities on such terms. In the event that, within the prescribed period, the Representatives notify the Company that they have so arranged for the purchase of such Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Securities, the Representatives or the Company shall have the right to postpone the applicable Time of Delivery for such Securities for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term “**Underwriter**” as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of such Securities which remains unpurchased does not exceed one-tenth of the aggregate number of all the Securities to be purchased at the applicable Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Securities which such Underwriter agreed to purchase under this Agreement relating to such Securities and, in addition, to require each non-defaulting Underwriter to purchase its *pro rata* share (based on the number of Securities which such Underwriter agreed to purchase under this Agreement) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of Securities which remains unpurchased exceeds one-tenth of the aggregate number of all the Securities to be purchased at the applicable Time of Delivery, as referred to in subsection (b) above, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement relating to such Securities shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as

provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Securities.

12. If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 8 hereof is not satisfied (other than any termination pursuant to Section 8(h)(i), (ii) or (iii) hereof), or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally through Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. on demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been reasonably incurred by them in connection with the proposed purchase and sale of the Securities.

13. In all dealings hereunder, the Representatives of the Underwriters of the Securities shall act on behalf of each of such Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly.

All statements, requests, notices and advices hereunder shall be in writing, or by telephone if promptly confirmed in writing, and if to an Underwriter, shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail as set forth in Schedule I hereto under such Underwriter's name, and if to the Company shall be sufficient in all respects when delivered or sent by registered mail to 70 Pine Street, New York, New York 10270, Facsimile Transmission No. (212) 785-1584, Attention: Corporate Secretary.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Section 9 and Section 11 hereof, their respective officers and directors and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, personal representatives, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. The Company acknowledges and agrees that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently

advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate.

16. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

17. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

18. Time shall be of the essence in this Agreement.

19. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all of such counterparts shall together constitute one and the same instrument.



If the foregoing is in accordance with your understanding, please sign and return to us five counterparts hereof, whereupon this letter and the acceptance by each of you thereof shall constitute a binding agreement between the Company and each of you in accordance with its terms.

Very truly yours,

**AMERICAN INTERNATIONAL GROUP, INC.**

By: /s/ Robert A. Gender

Name: Robert A. Gender

Title: Vice President and Treasurer

UNDERWRITING AGREEMENT — COMMON STOCK

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Accepted in New York, New York

**CITIGROUP GLOBAL MARKETS INC.**

By: /s/ Richard G. Spitzer

Name: Richard G. Spitzer

Title: Managing Director

**J.P. MORGAN SECURITIES INC.**

By: /s/ Ray Craig

Name: Ray Craig

Title: Executive Director

UNDERWRITING AGREEMENT — COMMON STOCK

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**SCHEDULE I**

<b>Underwriters</b>	<b>Number of Firm Shares to be Purchased</b>
Citigroup Global Markets Inc.	58,461,512
J.P. Morgan Securities Inc.	58,461,512
Credit Suisse Securities (USA) LLC	10,263,158
Deutsche Bank Securities Inc	10,263,158
Lehman Brothers Inc.	10,263,158
Merrill Lynch, Pierce, Fenner & Smith Incorporated	10,263,158
Wachovia Capital Markets, LLC	10,263,158
Dowling & Partners Securities, LLC	726,974
Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC	726,974
Keefe, Bruyette & Woods, Inc.	726,974
The Williams Capital Group, L.P.	256,579
Loop Capital Markets, LLC	94,079
Muriel Siebert & Co., Inc.	94,079
Toussaint Capital Partners, LLC	94,079
Utendahl Capital Group, LLC	94,079
Total	171,052,631

**Address of Representatives:**

Citigroup Global Markets Inc.  
 388 Greenwich Street  
 New York, NY 10013  
 Fax: (212) 816-7912  
 Attn: General Counsel

J.P. Morgan Securities Inc.  
 277 Park Avenue, 9th Floor  
 New York, NY 10172  
 Fax: (212) 622-8358

Attn: Equity Syndicate Desk

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## SCHEDULE II

(a) Issuer Free Writing Prospectuses:

Final Term Sheet, attached as Exhibit A to Schedule II, as filed with the Commission pursuant to Rule 433, and dated May 12, 2008.

(b) Additional Documents Incorporated by Reference:

None.

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**Exhibit A to Schedule II**  
**Form of Final Term Sheet**

Filed Pursuant to Rule 433  
Dated May 12, 2008  
Registration Nos. 333-106040; 333-143992; 333-150865



**AMERICAN INTERNATIONAL GROUP, INC.**

**171,052,631 Shares of  
Common Stock, Par Value \$2.50 Per Share,**

**and**

**72,000,000 Equity Units,  
Initial Stated Amount of \$75**

**Final Term Sheet**

<b>Issuer:</b>	American International Group, Inc. ("AIG")
<b>Ticker/Exchange:</b>	AIG/NYSE
<b>Last sale price of AIG Common Stock:</b>	\$38.37 (May 12, 2008)
<b>I. Common Stock Pricing Terms</b>	
<b>Title of Securities:</b>	Common stock, \$2.50 par value per share (the "Common Stock")
<b>Common Stock Offering:</b>	171,052,631 shares
<b>Overallotment Option:</b>	25,657,894 shares of Common Stock at the Public Offering Price less the underwriting fees within 30 days of the date of the prospectus supplement for the Common Stock Offering, solely to cover overallotments, if any.
<b>Public Offering Price:</b>	\$38.00 per share of Common Stock (\$6,499,999,978 Total, excluding underwriters' overallotment option)
<b>Underwriting fees:</b>	\$0.6650 per share of Common Stock (\$113,750,000 Total, excluding underwriters' overallotment option)

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<b>Trade Date:</b>	May 12, 2008
<b>Proceeds to AIG (before expenses):</b>	\$37.3350 per share of Common Stock (\$6,386,249,978 Total, excluding underwriters' overallotment option)
<b>Net proceeds (after expenses):</b>	Approximately \$6,385,249,978 (approximately \$7,343,187,451 if underwriters' overallotment option is exercised in full)
<b>Offering Settlement Date:</b>	May 16, 2008
<b>Joint Bookrunning Managers:</b>	Citigroup Global Markets Inc. and J.P. Morgan Securities Inc.
<b>Joint Lead Managers:</b>	Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wachovia Capital Markets, LLC
<b>Co-Managers:</b>	Dowling & Partners Securities, LLC, Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC, Keefe Bruyette & Woods, Inc., Loop Capital Markets, LLC, Muriel Siebert & Co., Inc., The Williams Capital Group, L.P., Toussaint Capital Partners, LLC, Utendahl Capital Group, LLC

## II. Equity Units Pricing Terms

<b>Title of Securities:</b>	Equity Units
<b>Equity Units Offering:</b>	72,000,000 Equity Units (initially consisting of 72,000,000 Corporate Units)
<b>Overallotment Option:</b>	6,400,000 Equity Units at the Public Offering Price less the underwriting discount within 13 days of the Settlement Date, solely to cover overallotments, if any.
<b>Public Offering Price:</b>	\$75.00 per Equity Unit (\$5,400,000,000 Total, excluding underwriters' overallotment option)
<b>Underwriting Discount:</b>	\$1.3125 per Equity Unit (\$94,500,000 Total, excluding underwriters' overallotment option)
<b>Proceeds to AIG (before expenses):</b>	\$73.6875 per Equity Unit (\$5,305,500,000 Total, excluding underwriters' overallotment option)

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<b>Net proceeds (after expenses):</b>	approximately \$5,303,500,000 (approximately \$5,775,100,000 if underwriters' overallotment option is exercised in full)
<b>Series B-1 Debenture Coupon:</b>	5.67% per annum
<b>Series B-1 Debenture Maturity Date:</b>	February 15, 2041
<b>Series B-2 Debenture Coupon:</b>	5.82% per annum
<b>Series B-2 Debenture Maturity Date:</b>	May 1, 2041
<b>Series B-3 Debenture Coupon:</b>	5.89% per annum
<b>Series B-3 Debenture Maturity Date:</b>	August 1, 2041
<b>Contract Adjustment Payments:</b>	2.7067% per annum to but excluding the first stock purchase date on the initial stated amount of \$75 per stock purchase contract, 2.6450% per annum from and including the first stock purchase date to but excluding the second stock purchase date on the adjusted stated amount of \$50 per stock purchase contract and 2.6100% per annum from and including the second stock purchase date to but excluding the third stock purchase date on the adjusted stated amount of \$25 per stock purchase contract.
<b>Reference Price:</b>	\$38.00 (offering price of the Common Stock pursuant to the Common Stock Offering)
<b>Threshold Appreciation Price:</b>	\$45.60 (represents an appreciation of 20% over the Reference Price)
<b>Minimum Settlement Rate:</b>	1.6447 shares of Common Stock (subject to adjustment)
<b>Maximum Settlement Rate:</b>	1.9737 shares of Common Stock (subject to adjustment)
<b>Listing:</b>	AIG has applied to list the Corporate Units on the NYSE under the symbol "AIG-PrA".
<b>CUSIP for the Corporate Units:</b>	026874 115
<b>ISIN for the Corporate Units:</b>	US0268741156

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<b>CUSIP for the Treasury Units:</b>	026874 123
<b>ISIN for the Treasury Units:</b>	US0268741230
<b>CUSIP for Series B-1 Debentures:</b>	026874 BN6
<b>ISIN for Series B-1 Debentures:</b>	US026874BN67
<b>CUSIP for Series B-2 Debentures:</b>	026874 BP1
<b>ISIN for Series B-2 Debentures:</b>	US026874BP16
<b>CUSIP for Series B-3 Debentures:</b>	026874 BQ9
<b>ISIN for Series B-3 Debentures:</b>	US026874BQ98
<b>Trade Date:</b>	May 12, 2008
<b>Settlement Date:</b>	May 16, 2008
<b>Joint Bookrunning Managers:</b>	Citigroup Global Markets Inc. and J.P. Morgan Securities Inc.
<b>Joint Lead Managers:</b>	Banc of America Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, UBS Securities LLC, Wachovia Capital Markets, LLC
<b>Co-Managers:</b>	Dowling & Partners Securities, LLC, Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC, Keefe Bruyette & Woods, Inc., Loop Capital Markets, LLC, Muriel Siebert & Co., Inc., The Williams Capital Group, L.P., Toussaint Capital Partners, LLC, Utendahl Capital Group, LLC
<b>Contract Adjustment Payment deferral rate:</b>	5.67% per annum

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**Payment to be made on third stock purchase date of a Contract Adjustment Payment deferral:**

Each holder of an Equity Unit will receive (net of any required tax withholding on such contract adjustment payments, which shall be remitted to the appropriate taxing jurisdiction), in the sole discretion of AIG, either a number of shares of Common Stock (in addition to the number of shares of Common Stock per Equity Unit equal to the applicable settlement rate) equal to the aggregate amount of deferred contract adjustment payments payable to such holder divided by the greater of the applicable market value and \$12.67, subject to anti-dilution adjustments, or additional debentures, in the sole discretion of AIG, in a principal amount equal to the aggregate amount of deferred contract adjustment payments.

**Early Settlement:**

Holders of Equity Units can settle a stock purchase contract at any time other than during a blackout period by paying an amount in cash equal to its stated amount, in which case for each \$25 stated amount of such stock purchase contract, 1.6447 shares of Common Stock, subject to adjustment, will be issued pursuant to the stock purchase contract. The number of shares will be fixed and will not be computed on the basis of the applicable market value of AIG's Common Stock on the early settlement date. Holders will not be entitled to any accrued and unpaid contract adjustment payment on stock purchase contracts that are settled early under these circumstances. Holders of Equity Units may settle early only in integral multiples of 40 Equity Units.

**Make-Whole Shares:**

The following table sets forth the Stock Prices, Effective Date and the number of make-whole shares applicable to a merger early settlement:

Effective Date	Stock Prices										
	\$10.00	\$20.00	\$30.00	\$38.00	\$40.00	\$45.60	\$50.00	\$60.00	\$70.00	\$80.00	\$120
May 12, 2008	1.3942	0.5204	0.1887	0.0000	0.1127	0.2722	0.2385	0.1711	0.1252	0.0927	0.0274
May 1, 2009	1.0158	0.3821	0.1118	0.0000	0.0574	0.2274	0.1949	0.1360	0.0970	0.0702	0.0188
May 1, 2010	0.5516	0.2212	0.0350	0.0000	0.0035	0.1707	0.1370	0.0860	0.0565	0.0387	0.0090
February 15, 2011	0.1389	0.0618	0.0069	0.0000	0.0000	0.0841	0.0532	0.0234	0.0132	0.0089	0.0021
February 16, 2011	0.1374	0.0611	0.0067	0.0000	0.0000	0.0851	0.0528	0.0232	0.0131	0.0088	0.0021
May 1, 2011	0.0582	0.0261	0.0038	0.0000	0.0000	0.0393	0.0263	0.0092	0.0049	0.0033	0.0006
May 2, 2011	0.0527	0.0238	0.0026	0.0000	0.0000	0.0359	0.0232	0.0087	0.0046	0.0032	0.0007
August 1, 2011	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact Stock Price and Effective Date applicable to a cash merger may not be set forth on the table, in which case:

- if the Stock Price is between two Stock Price amounts on the table or the Effective Date is between two dates on the table, the amount of make-whole shares will be determined by straight line interpolation between the make-whole share amounts set

forth for the higher and lower Stock Price amounts and the two dates, as applicable, based on a 360-day year;

- if the Stock Price is in excess of \$120.00 per share (subject to adjustment as described above), then the make-whole share amount will be zero; and
- if the Stock Price is less than \$10.00 per share (subject to adjustment as described above), or the “minimum stock price,” then the make-whole share amount will be determined as if the stock price equaled the minimum stock price, using straight line interpolation, as described above, if the Effective Date is between two dates on the table.

**The issuer has filed a registration statement (including a prospectus) with the Securities and Exchange Commission, or SEC, for the offerings to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplements and other documents the issuer has filed with the SEC for more complete information about the issuer and these offerings. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Citigroup Global Markets Inc. toll free at (800) 831-9146, or J.P. Morgan Securities Inc. toll free at (866) 430-0686.**

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**SCHEDULE III**

Form of Opinion of Sullivan & Cromwell LLP

May 16, 2008

[Name and Address of Underwriters]

Ladies and Gentlemen:

In connection with the several purchases today by you and the other Underwriters named in Schedule I to the Underwriting Agreement, dated May 12, 2008 (the "Underwriting Agreement"), between American International Group, Inc., a Delaware corporation (the "Company"), and you, as Representatives of the several Underwriters named therein (the "Underwriters"), of 171,052,631 shares (the "Securities") of the Company's common stock, par value \$2.50 per share (the "Common Stock"), we, as counsel for the Company, have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination, it is our opinion that:

- (1) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware.
- (2) All outstanding shares of the Company's Common Stock, including the Securities, have been duly authorized and validly issued and are fully paid and nonassessable.
- (3) The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

The foregoing opinion is limited to the Federal laws of the United States, the laws of the State of New York and the General Corporation Law of the State of Delaware, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We have relied as to certain matters upon information obtained from public officials, officers of the Company and other sources believed by us to be responsible, and we have assumed that the certificates for the outstanding shares of Common Stock, including the Securities, conform to the specimen thereof examined by us and have been duly countersigned by a transfer agent and duly registered by a registrar of the Common Stock, and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

Very truly yours,

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**Form of Letter of Sullivan & Cromwell LLP**

May 16, 2008

[Name and Address of Underwriters]

Ladies and Gentlemen:

This is with reference to the registration under the Securities Act of 1933 (the "Securities Act") and offering of 171,052,631 shares (the "Securities") of common stock, par value \$2.50 per share, of American International Group, Inc. (the "Company").

Two Registration Statements relating to the Securities (File Nos. 333-143992 and 333-106040) were filed on different dates on Form S-3 in accordance with procedures of the Securities and Exchange Commission (the "Commission") permitting a delayed or continuous offering of securities pursuant thereto and, if appropriate, a post-effective amendment, document incorporated by reference therein or prospectus supplement that provides information relating to the terms of the securities and the manner of their distribution. References in this letter to the Registration Statement refer to the latest filed Registration Statement.

The Securities have been offered by the Prospectus, dated July 13, 2007 (the "Basic Prospectus"), as supplemented by the Prospectus Supplement, dated May 12, 2008 (the "Prospectus Supplement"), which updates or supplements certain information contained in the Basic Prospectus. The Basic Prospectus, as supplemented by the Prospectus Supplement, does not necessarily contain a current description of the Company's business and affairs since, pursuant to Form S-3, it incorporates by reference certain documents filed with the Commission that contain information as of various dates.

As counsel to the Company, we reviewed the Registration Statement, the Basic Prospectus, the Prospectus Supplement and the documents listed in Schedule A (those listed documents, taken together with the Basic Prospectus, being referred to herein as the "Pricing Disclosure Package") and participated in discussions with your representatives and those of the Company and its accountants. Between the date of the Prospectus Supplement and the time of delivery of this letter, we participated in further discussions with your representatives and those of the Company, its accountants and its counsel concerning certain matters relating to the Company and reviewed certificates of certain officers of the Company, a letter addressed to you from the Company's accountants and an opinion addressed to you from counsel to the Company. On the basis of the information that we gained in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law (including the requirements of Form S-3 and the character of prospectus contemplated thereby) and the experience we have gained through our practice under the Securities Act, we confirm to you that, in our opinion, each part of the Registration Statement, when such part became effective, and the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date of the Prospectus Supplement,

appeared on their face to be appropriately responsive, in all material respects relevant to the offering of the Securities, to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Further, nothing that came to our attention in the course of such review has caused us to believe that, insofar as relevant to the offering of the Securities,

(a) any part of the Registration Statement, when such part became effective, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or

(b) the Pricing Disclosure Package, as of 5:00 P.M. on May 12, 2008 (which you have informed us is prior to the time of the first sale of the Securities by any Underwriter), contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or

(c) the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date of the Prospectus Supplement, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We also advise you that nothing that came to our attention in the course of the procedures described in the second sentence of this paragraph has caused us to believe that (a) the Basic Prospectus, as supplemented by the Prospectus Supplement, or (b) the Pricing Disclosure Package, as of the time of delivery of this letter, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in the registration process are such, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package, except for those made under the captions "Description of Common Stock AIG May Offer" in the Basic Prospectus and "Description of the Equity Units," "Certain United States Tax Consequences to Non-U.S. Holders of Common Stock" and "Underwriting" in the Prospectus Supplement insofar as they relate to provisions of the Securities, equity units and the Underwriting Agreement therein described or insofar as they relate to provisions of United States Federal tax law therein described. Also, we do not express any opinion or belief as to the financial statements or other financial data derived from accounting records contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package or as to the report of management's assessment of the effectiveness of internal control over financial reporting or the auditors' attestation report thereon, each as included in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package.

This letter is furnished by us, as counsel to the Company, to you, as Representatives of the Underwriters, solely for the benefit of the Underwriters in their capacity as such, and may not be relied upon by any other person. This letter may not be quoted, referred to or furnished to any purchaser or prospective purchaser of the Securities and may not be used in furtherance of any offer or sale of the Securities.

Very truly yours,

III-4

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**Schedule A**

Preliminary Prospectus Supplement, dated May 8, 2008

Final Term Sheet, dated May 12, 2008, insofar as the Final Term Sheet related to the terms of the Securities

**SCHEDULE IV**

**Form of Opinion of Kathleen E. Shannon**

May 16, 2008

[Name and Address of Underwriters]

Ladies and Gentlemen:

I am Senior Vice President, Secretary and Deputy General Counsel of American International Group, Inc., a Delaware corporation (the "Company"), and, as such, I am generally familiar with the corporate affairs of the Company.

This opinion is rendered in connection with the several purchases today by you and the other Underwriters named in Schedule I to the Underwriting Agreement, dated May 12, 2008 (the "Underwriting Agreement"), between the Company and you, as Representatives of the several Underwriters named therein (the "Underwriters"), of 171,052,631 shares (the "Securities") of the Company's common stock, par value \$2.50 per share (the "Common Stock").

Two Registration Statements relating to the Securities (File Nos. 333-143992 and 333-106040) were filed on Form S-3 under the Securities Act of 1933 (the "Act") on different dates. The latest filed Registration Statement was declared effective by the Securities and Exchange Commission (the "Commission") on July 13, 2007. References in this letter to the Registration Statement refer to the latest filed Registration Statement. The Securities have been offered by the Prospectus dated July 13, 2007 (the "Basic Prospectus"), as supplemented by the Prospectus Supplement, dated May 12, 2008 (the "Prospectus Supplement").

In rendering my opinion, I, as Senior Vice President, Secretary and Deputy General Counsel of the Company, have examined the Registration Statement, the Basic Prospectus, the Prospectus Supplement and the documents listed in Schedule A hereto (those listed documents, taken together with the Basic Prospectus as amended or supplemented immediately prior to the Applicable Time (as defined below) being referred to herein as the "Pricing Disclosure Package"), and I have examined such corporate records, certificates and other documents, and have reviewed such questions of law, as I have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination and review, it is my opinion that:

(i) The Company has authorized capital stock as set forth in the Company's Restated Certificate of Incorporation, as amended, as incorporated by reference in the Pricing Disclosure Package and the Basic Prospectus; and all outstanding shares of the Company's Common Stock, including the Securities, have been duly authorized and validly issued and are fully paid and nonassessable.

(ii) The issue and sale of the Securities, and the compliance by the Company with all of the provisions of the Underwriting Agreement, will not result in a breach of any of the



terms or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, loan agreement, or other material agreement or instrument in effect on the date hereof and known to me, to which the Company is a party or by which the Company may be bound or to which any of the property or assets of the Company is subject or violate any judgment, order or decree of any court or governmental body applicable to the Company, except for such breaches, defaults and violations that would not individually or in the aggregate have a Material Adverse Effect (as defined in the Underwriting Agreement) or affect the validity of the Securities, nor will such action result in any violation of the provisions of the Restated Certificate of Incorporation, as amended, or the By-Laws of the Company in effect on the date hereof.

(iii) No consent, approval, authorization, order, registration or qualification of or with any court or any regulatory authority or other governmental body is required for the issuance and sale of the Securities or the consummation by the Company of the other transactions contemplated by the Underwriting Agreement, except such as have been obtained under the Act, such consents, approvals, authorizations, orders, registrations and qualifications required to list the Securities on the New York Stock Exchange and such consents, approvals, authorizations, orders, registrations or qualifications the failure to obtain or make would not individually or in the aggregate have a Material Adverse Effect or affect the validity of the Securities and as may be required under state securities or Blue Sky laws (including insurance laws of any state relating to offers and sales of securities in such state) in connection with the purchase and distribution of the Securities by the Underwriters, as contemplated by the Underwriting Agreement.

(iv) To the best of my knowledge and information, there are no contracts or other documents required to be summarized or disclosed or filed as exhibits to the Registration Statement, other than those summarized or disclosed in the Registration Statement or filed as exhibits thereto, and there are no legal or governmental proceedings pending or threatened of a character required to be disclosed in the Registration Statement and the Basic Prospectus, as amended or supplemented by the Prospectus Supplement, which are not disclosed.

(v) Nothing which came to my attention has caused me to believe that, insofar as relevant to the offering of the Securities,

(a) any part of the Registration Statement, when such part became effective, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or

(b) the Pricing Disclosure Package, as of 5:00 P.M. on May 12, 2008 (the "Applicable Time") (which you have informed me is prior to the time of the first sale of the Securities by any Underwriter), contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or

(c) the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date of the Prospectus Supplement or as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any

material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) The documents incorporated by reference in the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the Act and the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

In rendering the opinion in paragraph (v), (A) I assume no responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package, except for those made under the captions “Description of Common Stock AIG May Offer” in the Basic Prospectus and “Description of the Equity Units” in the Prospectus Supplement insofar as they constitute summaries of the documents therein described, and (B) I express no opinion or belief as to the financial statements or other financial data derived from accounting records contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package, or as to the report of management’s assessment of the effectiveness of internal control over financial reporting or the auditors’ attestation report thereon, each as included in the Registration Statement, the Basic Prospectus, the Prospectus Supplement and the Pricing Disclosure Package.

In rendering the opinion in paragraph (vi), I express no opinion or belief as to the financial statements or other financial or statistical data contained in the documents incorporated by reference in the Basic Prospectus or the Prospectus Supplement, or as to the report of management’s assessment of the effectiveness of internal control over financial reporting or the auditors’ attestation report thereon, each as included in the documents incorporated by reference in the Basic Prospectus and the Prospectus Supplement.

The foregoing opinion is limited to the Federal laws of the United States, the laws of the State of New York and the General Corporation Law of the State of Delaware, and I am expressing no opinion as to the effect of the laws of any other jurisdiction.

I have relied as to certain matters upon information obtained from public officials, officers of the Company and other sources believed by me to be responsible, and I have assumed that the certificates for the outstanding shares of Common Stock, including the Securities, conform to the specimen thereof examined by me and have been duly countersigned by a transfer agent and duly registered by a registrar of the Common Stock, and that the signatures on all documents examined by me are genuine, assumptions which I have not independently verified.

This letter is furnished by me, as Senior Vice President, Secretary and Deputy General Counsel of the Company, to you, as Representatives of the Underwriters, solely for the benefit of the Underwriters in their capacity as such, and may not be relied upon by any other person. This opinion may not be quoted, referred to or furnished to any purchaser or prospective purchaser of the Securities and may not be used in furtherance of any offer or sale of the Securities.

Very truly yours,

IV-3

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**Schedule A**

Preliminary Prospectus Supplement, dated May 8, 2008

Final Term Sheet, dated May 12, 2008, insofar as the Final Term Sheet related to the terms of the Securities

**SCHEDULE V**

**Form of Letter of Independent Registered Public Accounting Firm**

May 12, 2008

American International Group, Inc.

and

The Underwriters listed on Schedule I

Ladies and Gentlemen:

We have audited:

1. the consolidated financial statements of American International Group, Inc. (the "Company") and subsidiaries as of December 31, 2007 and 2006 and for each of the three years in the period ended December 31, 2007 included in the Company's annual report on Form 10-K for the year ended December 31, 2007 (the "Form 10-K"),
2. the related financial statement schedules included in the Form 10-K, and
3. the effectiveness of the Company's internal control over financial reporting as of December 31, 2007.

The consolidated financial statements and financial statement schedules referred to above are incorporated by reference in the registration statements (Nos. 333-143992 and 333-106040) on Form S-3 filed by the Company under the Securities Act of 1933 (the "Act"); our report (which contains an adverse opinion on the effectiveness of internal control over financial reporting) with respect to the audits referred to above is also incorporated by reference in such registration statements. Such registration statements, of which the Prospectus dated July 13, 2007 forms a part, as supplemented by the Prospectus Supplement dated May 12, 2008 are herein collectively referred to as the "Registration Statement." This letter is furnished with respect to the offering of the Company's 171,052,631 shares of Common Stock.

In connection with the Registration Statement:

1. We are an independent registered public accounting firm with respect to the Company within the meaning of the Act and the applicable rules and regulations thereunder adopted by the Securities and Exchange Commission (the "SEC") and the Public Company Accounting Oversight Board (United States) (the "PCAOB").
  2. In our opinion, the consolidated financial statements and financial statement schedules audited by us and incorporated by reference in the Registration Statement comply as to form
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in all material respects with the applicable accounting requirements of the Act and the Securities Exchange Act of 1934 and the related rules and regulations adopted by the SEC.

3. We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2007; although we have conducted an audit for the year ended December 31, 2007, the purpose (and therefore the scope) of such audit was to enable us to express our opinion on the consolidated financial statements as of December 31, 2007 and for the year then ended, but not on the financial statements for any interim period within such year. Therefore, we are unable to and do not express any opinion on the unaudited consolidated balance sheet as of March 31, 2008 and the unaudited consolidated statements of income (loss), comprehensive income (loss), and cash flows for the three-month periods ended March 31, 2008 and 2007, included in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2008, incorporated by reference in the Registration Statement, or on the Company's financial position, results of operations or cash flows as of any date or for any period subsequent to December 31, 2007. Also, we have not audited the Company's internal control over financial reporting as of any date subsequent to December 31, 2007. Therefore, we do not express any opinion on the Company's internal control over financial reporting as of any date subsequent to December 31, 2007.
4. For purposes of this letter, we have read the minutes of the 2008 meetings of the Board of Directors and Committees of the Board of Directors of the Company as set forth in the minute books at May 8, 2008, officials of the Company having advised us that the minutes of all such meetings through that date were set forth therein, except for the minutes of the meetings listed below which were not approved in final form, for which agendas were provided to us; officials of the Company have represented that such agendas include all substantive actions taken at such meetings:
  - a. the Board of Directors (the "Board") - the February 26, 2008, March 12, 2008, May 5, 2008, May 6, 2008 and May 8, 2008 meetings;
  - b. the Audit Committee of the Board — the January 15, 2008, February 7, 2008, February 26, 2008, March 11, 2008, April 16, 2008 and May 5, 2008 meetings;
  - c. the Compensation and Management Resources Committee of the Board — the February 26, 2008 and March 11, 2008 meetings;
  - d. the Finance Committee of the Board - the December 13, 2007, February 12, 2008, March 11, 2008 April 17, 2008 and May 5, 2008 meetings;
  - e. the Nominating and Corporate Governance Committee of the Board — the January 15, 2008 and March 11, 2008 meetings;

- f. the Public Policy and Social Responsibility Committee of the Board — the January 15, 2008 and April 16, 2008 meetings, and
- g. the Regulatory, Compliance and Legal Committee of the Board — the January 16, 2008 and March 12, 2008 meetings.

We have carried out other procedures to May 8, 2008 (our work did not extend to the period from May 9, 2008 to May 12, 2008, inclusive) as follows:

With respect to the three-month periods ended March 31, 2008 and 2007, we have:

- (i) performed the procedures (completed on May 8, 2008) specified by the PCAOB for a review of interim financial information as described in SAS No. 100, *Interim Financial Information*, on the unaudited consolidated financial statements as of and for the three-month periods ended March 31, 2008 and 2007 included in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2008 (the "March 31, 2008 Form 10-Q"), incorporated by reference in the Registration Statement; and
- (ii) inquired of certain officials of the Company who have responsibility for financial and accounting matters whether the unaudited consolidated financial statements referred to in (i) above comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to the Form 10-Q and the related rules and regulations adopted by the SEC.

The foregoing procedures do not constitute an audit made in accordance with standards of the PCAOB. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations as to the sufficiency of the foregoing procedures for your purposes.

5. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that:

- (i) Any material modifications should be made to the unaudited consolidated financial statements described in 4, incorporated by reference in the Registration Statement, for them to be in conformity with generally accepted accounting principles.
- (ii) The unaudited consolidated financial statements described in 4 do not comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to the Form 10-Q and the related rules and regulations adopted by the SEC.

It should be noted that effective January 1, 2008, the Company adopted FAS 157 "Fair Value Measurements", FAS 159 "The Fair Value Option for Financial Assets and Financial Liabilities" and FSP FIN 39-1 "Amendment of FASB Interpretation No. 39".

6. Company officials have advised us that no consolidated financial data as of any date or for any period subsequent to March 31, 2008 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after March 31, 2008 have, of necessity, been limited. We have inquired of certain officials of the Company who have responsibility for financial and accounting matters as to whether (a) at May 8, 2008 there was any change in the capital stock, increase in long-term debt, or decrease in consolidated shareholders' equity of the Company as compared with amounts shown in the March 31, 2008 unaudited consolidated balance sheet incorporated by reference in the Registration Statement; or (b) for the period from April 1, 2008 to May 8, 2008, there was any decrease, as compared with the corresponding period in the preceding year, in consolidated net income.

Those officials referred to above stated that due to the fact that there is no consolidated financial data available subsequent to March 31, 2008, they are unable to comment as to whether there was any such change, increase or decrease, except in all instances for changes, increases or decreases that the Registration Statement discloses have occurred or may occur.

7. For purposes of this letter, we have also read the items identified by you on the attached pages from the Form 10-K and the March 31, 2008 Form 10-Q incorporated by reference in the Registration Statement and have performed the following procedures, which were applied as indicated with respect to the letters explained below. We make no comment as to whether the SEC would view any non-GAAP financial information included or incorporated by reference in the Registration Statement as being compliant with the requirements of Regulation G or Item 10 of Regulation S-K.

- A Compared to or recomputed from corresponding amounts included in the Company's audited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement.
- B Compared with or recomputed from corresponding amounts included in the Company's accounting records and found such amounts to be in agreement.
- C Compared to or recomputed from a schedule prepared by the Company from its accounting records and found such amounts to be in agreement. We (a) compared the amounts on the schedule to corresponding amounts appearing in the accounting records and found such amounts to be in agreement and (b) determined that the schedule was mathematically correct.
- D Compared to or recomputed from corresponding amounts in the Company's unaudited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement.
- E Compared to or recomputed from a corresponding amount in the Company's audited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement. However, we make no comment as to the appropriateness of the Company's classifications of debt as being guaranteed by AIG and not guaranteed by AIG.
- F Compared with corresponding amounts included in the Company's accounting records and found such amounts to be in agreement. However, we make no comment as to the appropriateness of the Company's classifications of debt as being guaranteed by AIG and not guaranteed by AIG.

8. Our audit of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those identified by you, and, accordingly, we express no opinion thereon.
9. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the second preceding paragraph; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages identified by you. Further, we have addressed ourselves solely to the foregoing data as set forth or incorporated by reference in the Registration Statement and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.
10. This letter is solely for the information of the addressees and to assist the Underwriters in conducting and documenting their investigation of the affairs of the Company in connection with the offering of the securities covered by the Registration Statement, and is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the Registration Statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the Registration Statement.

Yours very truly,



Schedule I

Citigroup Global Markets Inc.  
J.P. Morgan Securities Inc.  
Credit Suisse Securities (USA) LLC  
Deutsche Bank Securities Inc.  
Lehman Brothers Inc.  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Wachovia Capital Markets, LLC  
Dowling & Partners Securities, LLC  
Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC  
Keefe Bruyette & Woods, Inc.  
Loop Capital Markets, LLC  
Muriel Siebert & Co., Inc.  
The Williams Capital Group, L.P.  
Toussaint Capital Partners, LLC  
Utendahl Capital Group, LLC

**SCHEDULE VI**  
**Form of “Lock-up” Agreements**

May 16, 2008

[Name of Underwriters]

Ladies and Gentlemen:

This Lock-Up Agreement is being delivered to you in connection with the proposed Underwriting Agreement (the “Underwriting Agreement”) to be entered into by American International Group, Inc., a Delaware corporation (the “Company”), and you and the other underwriters named in Schedule I to the Underwriting Agreement, with respect to the public offering (the “Offering”) of common stock, par value \$2.50 per share, of the Company (the “Common Stock”).

In order to induce you to enter into the Underwriting Agreement, the undersigned agrees that, for a period (the “Lock-Up Period”) beginning on the date hereof and ending on, and including, the date that is 90 days after the date of the Underwriting Agreement, the undersigned will not, without the prior written consent of [Name of Underwriter], (i) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission (the “Commission”) promulgated thereunder (the “Exchange Act”) with respect to, any Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, in each case, in which the undersigned has a “pecuniary interest” (within the meaning of Rule 16a-1(a)(2) under the Exchange Act), whether any such transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock or any other securities of the Company that are substantially similar to Common Stock, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any transaction specified in clause (i) or (ii). The foregoing sentence shall not apply to (a) the sale of shares of Common Stock upon the exercise of options to purchase Common Stock or the vesting, delivery or settlement of restricted shares, restricted stock units or other awards to provide for any withholding taxes on the exercise, vesting, delivery or settlement thereof or to pay the exercise price thereof, in each case pursuant to employee benefit plans and related plans as in effect on the date hereof or awards previously granted by Starr International Company, Inc., (b) bona fide gifts to tax exempt charitable organizations (other than private charitable foundations), (c) the contribution of Common Stock to a grantor retained annuity trust of which the undersigned is a trustee and the undersigned’s immediate family members (or trusts for their benefit) are the sole beneficiaries, (d) dispositions to any immediate family member or any trust or similar entity for the direct or indirect benefit of the

undersigned and/or the immediate family of the undersigned, provided that such trust or similar entity agrees in writing to be bound by the terms of this Lock-Up Agreement, or (e) any other transaction that would not be required to be reported pursuant to Section 16(a) of the Exchange Act as a result of the applicable person no longer being an executive officer or director for Section 16(a) reporting purposes, *provided*, that no filing under Section 16(a) of the Exchange Act shall be voluntarily made during the Lock-Up Period. For purposes of this paragraph, "immediate family member" shall have the meaning in Section 16a-1(f) under the Exchange Act.

\* \* \*

If (i) the Company notifies you in writing that it does not intend to proceed with the Offering or (ii) for any reason the Underwriting Agreement shall be terminated, this Lock-Up Agreement shall be terminated and the undersigned shall be released from its obligations hereunder.

Yours very truly,

\_\_\_\_\_  
Name:

VI-2

AMERICAN INTERNATIONAL GROUP, INC.

72,000,000 EQUITY UNITS

UNDERWRITING AGREEMENT

May 12, 2008

Citigroup Global Markets Inc.  
J.P. Morgan Securities Inc.,  
As Representatives of the several Underwriters  
named in Schedule I hereto.

c/o Citigroup Global Markets Inc.,  
388 Greenwich Street  
New York, NY 10013

c/o J.P. Morgan Securities Inc.  
277 Park Avenue  
New York, New York 10172

Ladies and Gentlemen:

American International Group, Inc., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated herein, to issue and sell to the firms named in Schedule I hereto (the "**Underwriters**"), for whom you are acting as Representatives (the "**Representatives**"), an aggregate of 72,000,000 Equity Units of the Company (the "**Firm Securities**") and, at the election of the Representatives acting on behalf of the Underwriters, to issue and sell to the Underwriters up to an additional 6,400,000 Equity Units of the Company (the "**Optional Securities**"), and, together with the Firm Securities, the "**Securities**"), solely to cover over-allotments.

Each Equity Unit has an initial stated amount of \$75 ("**Stated Amount**") and initially consists of (i) a stock purchase contract ("**Stock Purchase Contract**") pursuant to which the holder will agree to purchase and the Company will agree to sell on each of February 15, 2011, May 1, 2011 and August 1, 2011 (each, a "**Purchase Contract Settlement Date**"), for \$25 a variable number of shares (the "Issuable Common Stock") of the Company's common stock, par value \$2.50 per share (the "**Common Stock**"), equal to the applicable settlement rate, subject to anti-dilution adjustments, as determined pursuant to the terms of the Stock Purchase Contract and, initially, (ii) a 1/40, or 2.5%, undivided beneficial ownership interest in \$1,000 principal amount of (a) the Company's 5.67% Series B-1 Junior Subordinated Debentures (a "**Series B-1**");

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**Debentures**”), (b) the Company’s 5.82% Series B-2 Junior Subordinated Debentures (a “**Series B-2 Debentures**”), and (c) the Company’s 5.89% Series B-3 Junior Subordinated Debentures (a “**Series B-3 Debentures**” and, together with the Series B-1 Debentures and the Series B-2 Debentures, the “**Debentures**”); or on or after the applicable remarketing settlement date for any series of Debentures and prior to the applicable Purchase Contract Settlement Date, an interest in U.S. Treasury securities or a short-term note issued by an affiliate of the Company purchased with the net proceeds of the remarketing of such series of Debentures that matures on or prior to the applicable Purchase Contract Settlement Date, pursuant to the Purchase Contract Agreement (as defined below).

The Purchase Contracts will be issued pursuant to the Purchase Contract Agreement, to be dated as of the Closing Date (as defined herein) (“**Purchase Contract Agreement**”), between the Company and The Bank of New York, as Purchase Contract Agent (the “**Purchase Contract Agent**”). The Stock Purchase Contracts together with the related Debentures are herein referred to as the “**Corporate Units**.”

A holder of Corporate Units, at its option, may elect to create “**Treasury Units**” in accordance with the Purchase Contract Agreement by substituting U.S. Treasury securities for any pledged ownership interests in the Debentures. Unless otherwise indicated, the term “**Equity Units**” includes both Corporate Units and Treasury Units.

The Debentures are to be issued under the Junior Subordinated Debt Indenture, dated as of March 13, 2007 (“**Base Indenture**”), between the Company and The Bank of New York, as Trustee (the “**Trustee**”), as amended and supplemented by the Sixth, Seventh, and Eighth supplemental indentures each to be dated as of the Closing Date, between the Company and the Trustee (collectively, the “**Supplemental Indentures**,” and together with the Base Indenture, “**Indenture**”).

A holder’s ownership interest in each Debenture initially will be pledged to secure such holder’s obligation to purchase the Issuable Common Stock on the applicable Purchase Contract Settlement Date, such pledge to be on the terms and conditions set forth in the Pledge Agreement (the “**Pledge Agreement**”), to be dated as of the Closing Date, among the Company, Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary (the “**Collateral Agent**”), and The Bank of New York, as the Purchase Contract Agent.

Pursuant to a Remarketing Agreement, to be dated as of the Closing Date (“**Remarketing Agreement**”), among the Company, The Bank of New York, as the Purchase Contract Agent, and the remarketing agents named therein (“**Remarketing Agents**”), the Debentures will be remarketed, subject to certain terms and conditions.

The “**Component Securities**” means, collectively, the Stock Purchase Contracts, the Debentures and the Issuable Common Stock.

The terms and rights of any particular issuance of the Securities and/or Component Securities shall be as specified in (i) the Indenture, (ii) the Purchase Contract Agreement and (iii) the Pledge Agreement, as applicable (each document listed in clauses (i) through (iii), together with the Remarketing Agreement, a “**Securities Agreement**” and collectively the “**Securities Agreements**”).

The Company is concurrently publicly offering shares of Common Stock (the “**Common Stock Offering**”) through other underwriters. The offering of the Securities is not contingent upon the completion of the Common Stock Offering and the Common Stock Offering is not contingent upon the offering of the Securities.

1. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) Registration statements on Form S-3 (Registration Nos. 333-143992 and 333-106040) in respect of the Securities have been filed with the Securities and Exchange Commission (the “**Commission**”); the latest filed of such registration statements (Registration No. 333-143992), in the form heretofore delivered to the Representatives (excluding exhibits to such latest filed registration statement, but including all documents incorporated by reference in the prospectus describing Common Stock included in that registration statement, the “**latest filed registration statement**”), has been declared effective by the Commission in such form, the earlier filed registration statement also has been declared effective by the Commission; other than a registration statement, if any, increasing the size of the offering (a “**Rule 462(b) Registration Statement**”), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the “**Act**”), which became effective upon filing, since the delivery to the Representatives no other document with respect thereto or document incorporated by reference therein has been filed or transmitted for filing with the Commission (other than filings by the Company under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and other than preliminary prospectuses, preliminary prospectus supplements and other prospectuses filed pursuant to Rule 424(b) or Rule 433 of the rules and regulations of the Commission under the Act that relate to securities other than the Securities); and no stop order suspending the effectiveness of the latest filed registration statement or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (the basic prospectus filed as part of the latest filed registration statement is hereinafter called the “**Basic Prospectus**”; any preliminary prospectus (including the Basic Prospectus as supplemented by any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) of the rules and regulations of the Commission under the Act is hereinafter called a “**Preliminary Prospectus**”; the various parts of the latest filed registration statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and the documents incorporated by reference in the Basic Prospectus at the time such registration statement became effective, and any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of that registration statement, each as amended at the time that registration statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the “**Registration Statement**”; the Basic Prospectus as amended and supplemented immediately prior to the Applicable Time (as defined in Section 1(c) hereof), is hereinafter called the “**Pricing Prospectus**”; the form of the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof is hereinafter called the “**Prospectus**” but excluding any Statement of Eligibility under the Trust Indenture Act of 1939, as amended; any reference herein to the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act, as of the date of such prospectus; any reference to any amendment or supplement to the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to

the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Exchange Act and incorporated therein, in each case after the date of the Basic Prospectus, such Preliminary Prospectus or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein;

(c) For the purposes of this Agreement, the "**Applicable Time**" is 5 p.m. (Eastern time) on the date of this Agreement; the Pricing Prospectus, as supplemented by the information contained in the final term sheet prepared and filed pursuant to Section 5(a) hereof, taken together (collectively, the "**Pricing Disclosure Package**") as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each other Issuer Free Writing Prospectus listed on Schedule II(a) hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus, and each such other Issuer Free Writing Prospectus, as supplemented by and taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or, in the case of an Annual Report on Form 10-K, omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of any other document filed under the Exchange Act, omit to state a material fact necessary to make the statements therein, in the light of the circumstances under

which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to (i) any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein, or (ii) any statement in any such document which does not constitute part of the Registration Statement, Pricing Prospectus or Prospectus pursuant to Rule 412 under the Act;

(e) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to the Registration Statement and any amendment thereto and as of its date as to the Prospectus and any supplement thereto, contain an untrue statement of a material fact or, in the case of the Registration Statement, omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or, in the case of the Prospectus, omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to (i) any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Underwriter through the Representatives expressly for use in the Prospectus or any amendment or supplement thereto, or (ii) any statement which does not constitute part of the Registration Statement or Prospectus pursuant to Rule 412 under the Act;

(f) The Company and each of its Significant Subsidiaries (as defined in Rule 1.02(w) of Regulation S-X) have been duly incorporated or organized and are validly existing corporations or other entities in good standing under the laws of their respective jurisdiction of incorporation or organization and have full power and authority to own their respective properties and to conduct their respective businesses as described in the Prospectus, except, in the case of any Significant Subsidiary, where the failure to be so duly incorporated or organized, validly existing, in good standing or have such power or authority would not, individually or in the aggregate, have a Material Adverse Effect (as defined in Section 1(i) below);

(g) Since the date of the latest audited financial statements incorporated by reference in the Basic Prospectus as amended or supplemented there has not been (i) any material change in the capital stock (other than as occasioned by Common Stock having been issued pursuant to the Company's employee stock purchase plans, equity incentive plans and upon conversion of convertible securities, repurchased by the Company pursuant to any previously announced stock repurchase program or issued pursuant to the Common Stock Offering and the offering of approximately \$5 billion of non-dilutive capital securities or long-term debt), or (ii) any material adverse change in or affecting the business, financial position, shareholders' equity or results of operations of the Company and its consolidated subsidiaries considered as an entirety, in each case, otherwise than as set forth or contemplated in such Basic Prospectus as amended or supplemented prior to the Applicable Time (any such change described in clause (ii) is referred to as a "**Material Adverse Change**");

(h) The Company has an authorized equity capitalization as set forth in the Pricing Prospectus;

(i) The issue and sale of the Securities and the Component Securities and the compliance by the Company with all of the provisions of this Agreement and the Securities Agreements, and the consummation of the transactions contemplated herein and therein, will not



conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, or result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties, except, in each case, for such conflicts, breaches, defaults and violations that would not have a material adverse effect on the business, financial position, shareholders' equity or results of operations of the Company and its subsidiaries considered as an entirety (a "**Material Adverse Effect**") or affect the validity of the Securities or the Component Securities, nor will such action result in any violation of the provisions of the Restated Certificate of Incorporation, as amended, or the By-Laws of the Company; and no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required by the Company for the issue and sale of the Securities and the Component Securities or the consummation by the Company of the transactions contemplated by this Agreement and the Securities Agreements, except the listing of the Securities on the New York Stock Exchange and except such consents, approvals, authorizations, orders, registrations or qualifications the failure to obtain or make would not have a Material Adverse Effect or affect the validity of the Securities or the Component Securities, and such consents, approvals, authorizations, orders, registrations or qualifications as have been, or will have been prior to the First Time of Delivery (as defined in Section 4 hereof), obtained under the Act and such consents, approvals, authorizations, orders, registrations or qualifications as may be required in connection with the transactions contemplated by the Remarketing Agreement, which will be obtained or made as provided by the Remarketing Agreement, and under state securities or Blue Sky laws (including insurance laws of any state relating to offers and sales of securities in such state) in connection with the purchase and distribution of the Securities by the Underwriters;

(j) The consolidated historical financial statements and schedules of the Company and its consolidated subsidiaries included in the Preliminary Prospectus, the Prospectus and the Registration Statement present fairly, in all material respects, the financial condition, results of operations and cash flows of the Company as of the dates and for the periods indicated, comply as to form, in all material respects, with the applicable accounting requirements of the Act and have been prepared in conformity with U.S. generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein);

(k) The Company and its subsidiaries maintain "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Exchange Act); as disclosed in the Registration Statement, Preliminary Prospectus and the Prospectus, such disclosure controls and procedures were not effective at March 31, 2008;

(l) Neither the Company nor any of its Significant Subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its Significant Subsidiaries is currently subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, except for any such sanction that individually or in the aggregate would not have a Material Adverse Effect;

(m) The Company and its Significant Subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective

businesses as described in the Registration Statement, the Preliminary Prospectus and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in the Registration Statement, the Preliminary Prospectus and the Prospectus, neither the Company nor any of its Significant Subsidiaries has received notice of any revocation or modification of any such license, certificate, permit or authorization or has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, in each case, except where the failure to possess the same or the modification to the same would not, individually or in the aggregate, have a Material Adverse Effect;

(n) There is no action, suit or proceeding pending, or to the knowledge of the executive officers of the Company, threatened against the Company or any of its subsidiaries, which has, or may reasonably be expected in the future to have, a Material Adverse Effect, except as set forth or contemplated in the Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a) hereof;

(o) The Base Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act of 1939 and, constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; each Supplemental Indenture has been duly authorized by the Company and, when executed and delivered by the Company and the Trustee will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Debentures have been duly authorized, and when issued and delivered by the Company and authenticated by the Trustee pursuant to this Agreement and the Indenture, will have been duly executed, authenticated, issued and delivered by the Company and will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The Indenture conforms and the Debentures will conform in all material respects to the descriptions thereof contained in the Pricing Disclosure Package and in the Prospectus;

(p) The Securities have been duly authorized, and when executed, issued and delivered by the Company and authenticated by the Purchase Contract Agent pursuant to the Purchase Contract Agreement, will have been duly executed, authenticated, issued and delivered by the Company and will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; *provided, however*, that upon the occurrence of a Termination Event (as defined in the Purchase Contract Agreement), Section 365(e)(2) of the Bankruptcy Code (11 U.S.C. §§ 101-1330, as amended) would provide that Section 365(e)(1) would not apply to substantively limit the provisions of the Purchase Contract Agreement or the Pledge Agreement that require termination of the Stock Purchase Contracts and release of the Collateral Agent's security interest in (1) the Debentures, (2) the U.S. Treasury securities underlying the Treasury Units or (3) any Treasury Portfolio (as defined in the Purchase Contract Agreement), as applicable, and the transfer of such securities to the

Purchase Contract Agent (for the benefit of the holders of the Securities); *provided, further, however*, that (x) the foregoing is subject to the equitable powers of the Bankruptcy Court and the Bankruptcy Court's power under Section 105(a) and 510(c) of the Bankruptcy Code and (y) procedural restrictions respecting relief from the automatic stay under Section 362 of the Bankruptcy Code may delay the timing of the exercise of such rights and remedies. The Securities will conform in all material respects to the descriptions thereof contained in the Pricing Disclosure Package and in the Prospectus;

(q) The Stock Purchase Contracts and the Purchase Contract Agreement have been duly authorized by the Company, and in the case of the Stock Purchase Contracts, when executed, issued and delivered by the Company and authenticated by the Purchase Contract Agent, and in the case of the Purchase Contract Agreement, when executed and delivered by the Company and the Purchase Contract Agent, will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; *provided, however*, that upon the occurrence of a Termination Event, Section 365(e)(2) of the Bankruptcy Code (11 U.S.C. §§ 101-1330, as amended) would provide that Section 365(e)(1) would not apply to substantively limit the provisions of the Purchase Contract Agreement or the Pledge Agreement that require termination of the Stock Purchase Contracts and release of the Collateral Agent's security interest in (1) the Debentures, (2) the U.S. Treasury securities underlying the Treasury Units or (3) any Treasury Portfolio, as applicable, and the transfer of such securities to the Purchase Contract Agent (for the benefit of the holders of the Securities); *provided, further, however*, that (x) the foregoing is subject to the equitable powers of the Bankruptcy Court and the Bankruptcy Court's power under Section 105(a) and 510(c) of the Bankruptcy Code and (y) procedural restrictions respecting relief from the automatic stay under Section 362 of the Bankruptcy Code may delay the timing of the exercise of such rights and remedies. The Stock Purchase Contracts will conform in all material respects to the descriptions thereof contained in the Pricing Disclosure Package and in the Prospectus;

(r) The Remarketing Agreement has been duly authorized by the Company and, when executed and delivered by the Company and the Remarketing Agents, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The Remarketing Agreement will conform in all material respects to the descriptions thereof contained in the Pricing Disclosure Package and in the Prospectus.

(s) (i) The Pledge Agreement has been duly authorized, and when executed and delivered by the Company, the Purchase Contract Agent and the Collateral Agent, will constitute a valid and legally binding obligation of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; *provided, however*, that upon the occurrence of a Termination Event, Section 365(e)(2) of the Bankruptcy Code (11 U.S.C. §§ 101-1330, as amended) would provide that Section 365(e)(1) would not apply to substantively limit the provisions of the Purchase Contract Agreement or of the Pledge Agreement that require termination of the Stock Purchase Contracts and release of the Collateral Agent's security interest in (1) the Debentures, (2) the U.S. Treasury securities underlying the Treasury Units or (3) any Treasury Portfolio, as applicable, and the transfer of such

securities to the Purchase Contract Agent (for the benefit of the holders of the Securities); *provided, further, however*, that (x) the foregoing is subject to the equitable powers of the Bankruptcy Court and the Bankruptcy Court's power under Section 105(a) and 510(c) of the Bankruptcy Code and (y) procedural restrictions respecting relief from the automatic stay under Section 362 of the Bankruptcy Code may delay the timing of the exercise of such rights and remedies. The Pledge Agreement will conform in all material respects to the descriptions thereof contained in the Pricing Disclosure Package and in the Prospectus.

(t) The Issuable Common Stock has been duly authorized and reserved for issuance upon delivery in accordance with the Stock Purchase Contracts and the Purchase Contract Agreement; and when issued and paid for in accordance with the provisions of the Purchase Contract Agreement and the Stock Purchase Contracts, such Issuable Common Stock will be validly issued, fully paid and nonassessable; and the Issuable Common Stock will conform in all material respects to the descriptions thereof contained in the Pricing Disclosure Package and in the Prospectus.

2. (a) Subject to the terms and conditions herein set forth, (i) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price set forth in Exhibit A to Schedule II, the number of Firm Securities set forth opposite such Underwriter's name in Schedule I and (ii) in the event and to the extent that the Representatives shall exercise the election to purchase Optional Securities as provided below, the Company agrees to issue and sell to the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the same purchase price set forth in clause (i) of this Section 2(a), the number of the Optional Securities as to which such election shall have been exercised (to be adjusted by the Representatives, if necessary, so as to eliminate fractions of Equity Units) determined by multiplying the number of such Optional Securities by a fraction, the numerator of which is the maximum number of Firm Securities which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Firm Securities that all of the Underwriters are entitled to purchase hereunder.

(b) Each Underwriter represents and agrees with the Company that it will comply with or observe any restrictions or limitations set forth in the Prospectus as amended or supplemented on persons to whom, or the jurisdictions in which, or the manner in which, the Securities may be offered, sold, resold or delivered.

(c) The Company hereby grants to the Underwriters the one-time right to purchase at the election of the Representatives up to 6,400,000 Optional Securities, solely for the purpose of covering over-allotments, if any, in connection with the offer and sale of the Firm Securities, at the purchase price set forth in clause (i) of Section 2(a). Any such election to purchase Optional Securities may be exercised by written notice from the Representatives to the Company, given within a period of 13 days after the First Time of Delivery, setting forth the number of Optional Securities to be purchased and the date on which such Optional Securities are to be delivered, as determined by the Representatives, which shall in no event be earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless the Representatives and the Company otherwise agree in writing, earlier than three or later than five New York Business Days after the date of such notice. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which

banking institutions in New York are generally authorized or obligated by law or executive order to close.

3. Upon the authorization by the Representatives of the release of such Securities, the several Underwriters propose to offer such Securities for sale upon the terms and conditions set forth in the Prospectus.

4. The Company will deliver the Securities to one or more of the Representatives for the account of each Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to the Representatives at least twenty-four hours in advance, by causing The Bank of New York, as registrar, to register the Securities in global book entry form in the name of Cede & Co., or such other nominee as The Depository Trust Company (“**DTC**”) may designate, and shall cause DTC to credit the Securities to the account of one or more of the Representatives at DTC. The time and date of such delivery and payment, with respect to the Firm Securities, shall be 9:30 a.m., New York City time, on May 16, 2008 or such other time and date as the Representatives and the Company may agree upon in writing, and, with respect to the Optional Securities, shall be 9:30 a.m., New York City time, on the date specified by the Representatives in the written notice given by the Representatives of the Underwriters’ election to purchase the Optional Securities, or at such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Securities is herein called the “**First Time of Delivery**”, such time and date for delivery of the Optional Securities, if not the First Time of Delivery, is herein called an “**Optional Time of Delivery**”, and each such time and date for delivery is herein called a “**Time of Delivery**”.

The documents to be delivered at a Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross-receipt for the Securities, will be delivered at the offices of Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004 (the “**Closing Location**”), and the Securities will be credited to the account of the Representatives at DTC, all at such Time of Delivery. A meeting will be held at the Closing Location at 4:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto.

5. The Company covenants and agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission’s close of business on the second business day following the date of this Agreement; to make no further amendment or supplement (other than an amendment or supplement as a result of filings by the Company under the Exchange Act and other than amendments or supplements in connection with the Common Stock Offering or offerings of unsecured debt securities of or guaranteed by the Company) to the Registration Statement or the Prospectus prior to the First Time of Delivery which shall be disapproved by the Representatives promptly after reasonable notice thereof; between the signing of this Agreement and the First Time of Delivery, to give reasonable advance notice to the Representatives of any filings by the Company under the Exchange Act that are incorporated by reference into the Prospectus and any filings by the Company under Item 2.02 or 7.01 of Current Report on Form 8-K; between the signing of this Agreement and the First Time of Delivery, to advise the Representatives promptly after it receives notice thereof, of the time when any

amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed (other than an amendment or supplement as a result of filings by the Company under the Exchange Act and other than amendments or supplements in connection with the Common Stock Offering or offerings of unsecured debt securities of or guaranteed by the Company) and to furnish the Representatives with copies thereof; to prepare a final term sheet, containing solely a description of the Securities, in the form set forth in Exhibit A to Schedule II hereto and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by such Rule; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities, and during such same period to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed with the Commission (other than an amendment or supplement as a result of filings by the Company under the Exchange Act and other than the filing of prospectuses, preliminary prospectuses, preliminary prospectus supplements, issuer free-writing prospectuses and other documents pursuant to Rule 424(b) or Rule 433 under the Act that relate to the Common Stock Offering or securities other than the Securities), of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Securities, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any such prospectus relating to the Securities or suspending any such qualification, to use promptly its best efforts to obtain its withdrawal;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings in such jurisdictions for as long as may be necessary to complete the distribution of the Securities; *provided, however*, that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) From time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issuance of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the

Representatives and upon their request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its security holders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c)), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) During the period beginning from the date hereof, and continuing to and including the date 90 days after the date hereof or such earlier time as the Representatives may notify the Company, not to offer, sell, contract to sell, grant any option to purchase, or otherwise dispose of, or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any person in privity with the Company, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act in respect of, any shares of Common Stock, or any options or warrants to purchase any shares of Common Stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, or otherwise publicly announce an intention to effect any such transaction (other than (1) the offer and sale of Securities pursuant to this Agreement and the Common Stock Offering, (2) the grant of awards pursuant to the Company's employee benefit, employee stock purchase and other similar plans, in each case, as existing on the date hereof (the "**Employee Benefit Plans**"), (3) the offering, sale, settlement or issuance of securities pursuant to any award or security issued under or pursuant to an Employee Benefit Plan or the Assurance Agreement, by the Company in favor of eligible employees, dated as of June 27, 2005, relating to certain obligations of Starr International Company, Inc., (4) the issue of shares of Common Stock or options, contracts or rights to acquire Common Stock in connection with the acquisition of a business or assets so long as the total number of shares of Common Stock issued or issuable does not exceed 3% of the Company's then outstanding shares of Common Stock, or (5) with the consent of the Representatives;

(f) To use all commercially reasonable efforts to ensure that, no later than the First Time of Delivery, the Securities will be approved for listing on the New York Stock Exchange; and

(g) The Company shall reserve shares of Issuable Common Stock to satisfy the obligation of the Company to issue Common Stock pursuant to the Stock Purchase Contracts.

6. (a) The Company and each Underwriter agree that the Underwriters may prepare and use one or more preliminary term sheets relating to the Securities containing customary

information; *provided* that such information has been approved by the Company before the first communication with prospective investors in the Securities containing such information is used;

(b) Each Underwriter represents that it has not and will not use, authorize use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than (A) any written communication permitted under subparagraph (a) above, (B) the final term sheet prepared and filed pursuant to Section 5(a) hereof, or (C) any written communication prepared by such Underwriter and approved in writing by the Company in advance;

(c) The Company represents to the Underwriters that it has not and will not use, authorize use of, refer to, or participate in the planning for use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than (A) any written communication permitted under subparagraph (a) above, (B) the final term sheet prepared and filed pursuant to Section 5(a) hereof, (C) a press release or other announcement relating to the Securities that complies with Rule 134 or Rule 135 under the Act and that the Company issues after giving notice to the Representatives of its intent to issue a press release, or (D) any written communication approved by the Representatives in advance in writing;

(d) Any such free writing prospectus the use of which has been consented to by the Company or the Representatives, as the case may be (including the final term sheet prepared and filed pursuant to Section 5(a) hereof), is listed on Schedule II(a) hereto;

(e) The Company represents and agrees that it has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission, where required, and legending; and

(f) The Company agrees that if at any time following the issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus, or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will, if the Underwriters are then required to deliver a prospectus under the Act in respect of sales of Securities (or, in lieu thereof, the notice referred to in Rule 173 under the Act), give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representatives expressly for use therein.

7. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus, the Pricing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters; (ii) the cost of printing,



word-processing or reproducing this Agreement, the Securities Agreements, any Blue Sky and Legal Investment Memoranda and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 5(b) hereof, including the fees and disbursements of the Underwriters' counsel in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (iv) any filing fees incident to any required review and clearance by the Financial Industry Regulatory Authority of the terms of the sale of the Securities; (v) the fees and expenses of the Trustee, Purchase Contract Agent, Collateral Agent and the Remarketing Agents; (vi) the fees and expenses of the Company's registrar and transfer agent; and (vii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section 7, but the Company shall not in any event be liable to any of the Underwriters for damages on account of loss of anticipated profits from the sale by them of the Securities. It is understood, however, that, except as provided in this Section 7, Section 9 and Section 12 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties (except in the case of the Optional Time of Delivery the representations and warranties in Sections 1(c), 1(g) and 1(n)) and other statements of the Company herein shall be true and correct at and as of each Time of Delivery (it being understood, however, that in the case of the Optional Time of Delivery the representations and warranties in Sections 1(i), 1(o) through and including 1(q), 1(s) and 1(t) shall be limited to the Optional Securities), the condition that the Company shall have performed, in all material respects, all of its obligations hereunder theretofore to be performed and the following additional conditions:

(a) No stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission or, to the knowledge of the executive officers of the Company, shall be contemplated by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Act (in the case of an Issuer Free Writing Prospectus to the extent required by Rule 433 under the Act) and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Davis Polk & Wardwell, counsel to the Underwriters, shall have furnished to the Representatives such opinion, dated each Time of Delivery, with respect to the validity of the Securities, the Securities Agreements, the Registration Statement, the Pricing Disclosure Package, the Prospectus, and other related matters as the Representatives may reasonably request (it being understood, however, that in the case of the Optional Time of Delivery, that the opinion shall only cover validity of the Optional Securities), and the Company shall have furnished to such counsel such documents as they reasonably request to enable them to pass upon such matters;

(c) Sullivan & Cromwell LLP, counsel for the Company, shall have furnished to the Representatives their opinion or opinions, dated each Time of Delivery, to the effect set forth in Schedule III hereto (it being understood, however, that in the case of the Optional Time of Delivery, that the opinion shall only cover the opinion in paragraph (1) and, with respect to the Optional Securities, the opinion in paragraphs (2), (3), (4) and (5) set forth in Schedule III hereto);

(d) Kathleen E. Shannon, Senior Vice President, Secretary and Deputy General Counsel of the Company, shall have furnished to the Representatives her opinion, dated each Time of Delivery, to the effect set forth in Schedule IV hereto (it being understood, however, that in the case of the Optional Time of Delivery, that the opinion shall only cover the opinion in paragraphs (ii) and (iii) set forth in Schedule IV hereto and shall be limited to the Optional Securities);

(e) On the date of the Prospectus at a time prior to the execution of this Agreement and the First Time of Delivery, the independent registered public accounting firm who have audited the financial statements of the Company and its subsidiaries incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus shall have furnished to the Representatives a letter, dated the respective dates of delivery thereof, to the effect set forth in Schedule V hereto, and with respect to such letter dated such Time of Delivery, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives;

(f) Since the respective dates as of which information is given in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and prior to the First Time of Delivery, there shall not have been in the reasonable judgment of the Representatives any Material Adverse Change, otherwise than as set forth or contemplated in the Prospectus (excluding any amendment or supplement thereto);

(g) The Company shall have furnished or caused to be furnished to the Representatives a certificate of the Chief Executive Officer, the President, any Vice Chairman, any Executive or Senior Vice President or any Vice President and a principal financial or accounting officer of the Company, dated each Time of Delivery, in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement (except in the case of the Optional Time of Delivery the representations and warranties in Sections 1(c), 1(g) and 1(n), and it being understood, however, that in the case of the Optional Time of Delivery, the representations and warranties in Sections 1(i), 1(o) through and including 1(q), 1(s) and 1(t) shall be limited to the Optional Securities) are true and correct, in all material respects, as of each Time of Delivery, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied, in all material respects, at or prior to each Time of Delivery, that no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are threatened by the Commission, and that, with respect to the First Time of Delivery only, since the respective dates as of which information is given in the Pricing Disclosure Package, there has not been any Material Adverse Change, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented in accordance with Section 5(a) hereof;

(h) On or after the date hereof and prior to the First Time of Delivery, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange if the effect of any such event, in the reasonable judgment of the Representatives, is to make it impracticable or inadvisable to proceed with the purchase by the Underwriters of the Securities from the Company; (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, other than any such outbreak,

escalation or declaration arising out of or relating to the U.S. war on terrorism that does not represent a significant departure from the conditions that exist at the date hereof, if the effect of any such event in the reasonable judgment of the Representatives is to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated by the Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a) hereof; (iv) the suspension of trading in the Common Stock on the New York Stock Exchange, if the effect of such event in the reasonable judgment of the Representatives is to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated by the Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a) or (v) any downgrading in the rating accorded the Company's senior debt securities by Moody's Investors Service, a subsidiary of Moody's Corporation, or Standard & Poor's, a division of the McGraw-Hill Companies, Inc., if the effect of such event in the reasonable judgment of the Representatives is to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated by the Pricing Disclosure Package or the Prospectus as amended or supplemented in accordance with Section 5(a); and

(i) The Securities to be delivered on the First Time of Delivery or Optional Time of Delivery, as the case may be, shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package (or any amendment or supplement thereto), or any Issuer Free Writing Prospectus, or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and will reimburse such Underwriter for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by such Underwriter expressly for use therein; and *provided, further*, that the foregoing indemnity agreement contained in this Section 9(a), with respect to the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased Securities, where (i) prior to the Applicable Time the Company shall have notified such Underwriter that the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus contains an untrue statement of material fact or omits to state

therein a material fact necessary in order to make the statements therein not misleading, (ii) such untrue statement or omission of a material fact was corrected in a further amendment or supplement to the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, or any amendment or supplement thereto, or, where permitted by law, an Issuer Free Writing Prospectus, and such corrected Prospectus or Issuer Free Writing Prospectus was provided to such Underwriter prior to the Applicable Time, (iii) such corrected Registration Statement, Prospectus, Preliminary Prospectus or Issuer Free Writing Prospectus (excluding any document incorporated by reference therein) was not conveyed to such person at or prior to the contract for sale of the Securities to such person and (iv) such loss, claim, damage or liability would not have occurred had the corrected Registration Statement, Prospectus, Preliminary Prospectus or Issuer Free Writing Prospectus (excluding any document incorporated by reference therein) been conveyed to such person as provided for in clause (iii) above.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company or such controlling person may become subject, under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party under such subsection, except to the extent that it has been prejudiced by such failure. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff that is not subject to further appeal, the indemnifying party agrees to indemnify each indemnified party from and against any loss or liability by reason of such settlement or

judgment. No indemnifying party shall, without the written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnification could have been sought hereunder by such indemnified party, unless such settlement (x) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters of the Securities on the other from the offering of the Securities to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters of the Securities on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and such Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by such Underwriters in respect thereof. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading relates to information supplied by the Company on the one hand or by such Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Securities in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to such Securities and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the respective Underwriters and each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Underwriter, the Representatives do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Securities on such terms. In the event that, within the prescribed period, the Representatives notify the Company that they have so arranged for the purchase of such Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Securities, the Representatives or the Company shall have the right to postpone the applicable Time of Delivery for such Securities for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term “**Underwriter**” as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of such Securities which remains unpurchased does not exceed one-tenth of the aggregate number of all the Securities to be purchased at the applicable Time of Delivery, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Securities which such Underwriter agreed to purchase under this Agreement relating to such Securities and, in addition, to require each non-defaulting Underwriter to purchase its *pro rata* share (based on the number of Securities which such Underwriter agreed to purchase under this Agreement) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of Securities which remains unpurchased exceeds one-tenth of the aggregate number of all the Securities to be purchased at the applicable Time of Delivery, as referred to in subsection (b) above, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement relating to such Securities shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Securities.

12. If the sale of the Securities provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 8 hereof is not satisfied (other than any termination pursuant to Section 8(h)(i), (ii) or (iii) hereof), or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, the Company will reimburse the Underwriters severally through Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. on demand for all out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been reasonably incurred by them in connection with the proposed purchase and sale of the Securities.

13. In all dealings hereunder, the Representatives of the Underwriters of the Securities shall act on behalf of each of such Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly.

All statements, requests, notices and advices hereunder shall be in writing, or by telephone if promptly confirmed in writing, and if to an Underwriter, shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail as set forth in Schedule I hereto under such Underwriter's name, and if to the Company shall be sufficient in all respects when delivered or sent by registered mail to 70 Pine Street, New York, New York 10270, Facsimile Transmission No. (212) 785-1584, Attention: Corporate Secretary.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and, to the extent provided in Section 9 and Section 11 hereof, their respective officers and directors and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, personal representatives, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. The Company acknowledges and agrees that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent it deemed appropriate.

16. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

17. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

18. Time shall be of the essence in this Agreement.

19. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all of such counterparts shall together constitute one and the same instrument.



If the foregoing is in accordance with your understanding, please sign and return to us five counterparts hereof, whereupon this letter and the acceptance by each of you thereof shall constitute a binding agreement between the Company and each of you in accordance with its terms.

Very truly yours,

**AMERICAN INTERNATIONAL GROUP, INC.**

By: /s/ Robert A. Gender

Name: Robert A. Gender

Title: Vice President and Treasurer

UNDERWRITING AGREEMENT — EQUITY UNITS

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Accepted in New York, New York

**CITIGROUP GLOBAL MARKETS INC.**

By: /s/ Richard G. Spitzer —  
Name: Richard G. Spitzer  
Title: Managing Director

**J.P. MORGAN SECURITIES INC.**

By: /s/ Ray Craig —  
Name: Ray Craig  
Title: Executive Director

UNDERWRITING AGREEMENT — EQUITY UNITS

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SCHEDULE I

<u>Underwriters</u>	<u>Number of Firm Securities to be Purchased</u>
Citigroup Global Markets Inc.	24,607,800
J.P. Morgan Securities Inc.	24,607,800
Banc of America Securities LLC	4,320,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,320,000
Morgan Stanley & Co. Incorporated	4,320,000
UBS Securities LLC	4,320,000
Wachovia Capital Markets, LLC	4,320,000
Dowling & Partners Securities, LLC	306,000
Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC	306,000
Keefe, Bruyette & Woods, Inc.	306,000
The Williams Capital Group, L.P.	108,000
Loop Capital Markets, LLC	39,600
Muriel Siebert & Co., Inc.	39,600
Toussaint Capital Partners, LLC	39,600
Utendahl Capital Group, LLC	39,600
Total	<u>72,000,000</u>

Address of Representatives:

Citigroup Global Markets Inc.  
 388 Greenwich Street  
 New York, NY 10013  
 Fax: (212) 816-7912  
 Attn: General Counsel

J.P. Morgan Securities Inc.  
 277 Park Avenue, 9th Floor  
 New York, NY 10172  
 Fax: (212) 622-8358  
 Attn: Equity Syndicate Desk

## SCHEDULE II

(a) Issuer Free Writing Prospectuses:

Final Term Sheet, attached as Exhibit A to Schedule II, as filed with the Commission pursuant to Rule 433, and dated May 12, 2008.

(b) Additional Documents Incorporated by Reference:

None.

**Exhibit A to Schedule II**  
**Form of Final Term Sheet**

Filed Pursuant to Rule 433  
Dated May 12, 2008  
Registration Nos. 333-106040; 333-143992; 333-150865



**AMERICAN INTERNATIONAL GROUP, INC.**  
**171,052,631 Shares of**  
**Common Stock, Par Value \$2.50 Per Share,**  
**and**  
**72,000,000 Equity Units,**  
**Initial Stated Amount of \$75**  
**Final Term Sheet**

**Issuer:** American International Group, Inc. ("AIG")

**Ticker/Exchange:** AIG/NYSE

**Last sale price of AIG Common Stock:** \$38.37 (May 12, 2008)

**I. Common Stock Pricing Terms**

**Title of Securities:** Common stock, \$2.50 par value per share (the "Common Stock")

**Common Stock Offering:** 171,052,631 shares

**Overallotment Option:** 25,657,894 shares of Common Stock at the Public Offering Price less the underwriting fees within 30 days of the date of the prospectus supplement for the Common Stock Offering, solely to cover overallotments, if any.

**Public Offering Price:** \$38.00 per share of Common Stock (\$6,499,999,978 Total, excluding underwriters' overallotment option)

**Underwriting fees:** \$0.6650 per share of Common Stock (\$113,750,000 Total, excluding underwriters' overallotment option)

<b>Trade Date:</b>	May 12, 2008
<b>Proceeds to AIG (before expenses):</b>	\$37.3350 per share of Common Stock (\$6,386,249,978 Total, excluding underwriters' over-allotment option)
<b>Net proceeds (after expenses):</b>	Approximately \$6,385,249,978 (approximately \$7,343,187,451 if underwriters' over-allotment option is exercised in full)
<b>Offering Settlement Date:</b>	May 16, 2008
<b>Joint Bookrunning Managers:</b>	Citigroup Global Markets Inc. and J.P. Morgan Securities Inc.
<b>Joint Lead Managers:</b>	Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wachovia Capital Markets, LLC
<b>Co-Managers:</b>	Dowling & Partners Securities, LLC, Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC, Keefe Bruyette & Woods, Inc., Loop Capital Markets, LLC, Muriel Siebert & Co., Inc., The Williams Capital Group, L.P., Toussaint Capital Partners, LLC, Utendahl Capital Group, LLC

## II. Equity Units Pricing Terms

<b>Title of Securities:</b>	Equity Units
<b>Equity Units Offering:</b>	72,000,000 Equity Units (initially consisting of 72,000,000 Corporate Units)
<b>Over-allotment Option:</b>	6,400,000 Equity Units at the Public Offering Price less the underwriting discount within 13 days of the Settlement Date, solely to cover over-allotments, if any.
<b>Public Offering Price:</b>	\$75.00 per Equity Unit (\$5,400,000,000 Total, excluding underwriters' over-allotment option)
<b>Underwriting Discount:</b>	\$1.3125 per Equity Unit (\$94,500,000 Total, excluding underwriters' over-allotment option)
<b>Proceeds to AIG (before expenses):</b>	\$73.6875 per Equity Unit (\$5,305,500,000 Total, excluding underwriters' over-allotment option)

<b>Net proceeds (after expenses):</b>	approximately \$5,303,500,000 (approximately \$5,775,100,000 if underwriters' overallotment option is exercised in full)
<b>Series B-1 Debenture Coupon:</b>	5.67% per annum
<b>Series B-1 Debenture Maturity Date:</b>	February 15, 2041
<b>Series B-2 Debenture Coupon:</b>	5.82% per annum
<b>Series B-2 Debenture Maturity Date:</b>	May 1, 2041
<b>Series B-3 Debenture Coupon:</b>	5.89% per annum
<b>Series B-3 Debenture Maturity Date:</b>	August 1, 2041
<b>Contract Adjustment Payments:</b>	2.7067% per annum to but excluding the first stock purchase date on the initial stated amount of \$75 per stock purchase contract, 2.6450% per annum from and including the first stock purchase date to but excluding the second stock purchase date on the adjusted stated amount of \$50 per stock purchase contract and 2.6100% per annum from and including the second stock purchase date to but excluding the third stock purchase date on the adjusted stated amount of \$25 per stock purchase contract.
<b>Reference Price:</b>	\$38.00 (offering price of the Common Stock pursuant to the Common Stock Offering)
<b>Threshold Appreciation Price:</b>	\$45.60 (represents an appreciation of 20% over the Reference Price)
<b>Minimum Settlement Rate:</b>	1.6447 shares of Common Stock (subject to adjustment)
<b>Maximum Settlement Rate:</b>	1.9737 shares of Common Stock (subject to adjustment)
<b>Listing:</b>	AIG has applied to list the Corporate Units on the NYSE under the symbol "AIG-PrA"
<b>.CUSIP for the Corporate Units:</b>	026874 115
<b>ISIN for the Corporate Units:</b>	US0268741156

<b>CUSIP for the Treasury Units:</b>	026874 123
<b>ISIN for the Treasury Units:</b>	US0268741230
<b>CUSIP for Series B-1 Debentures:</b>	026874 BN6
<b>ISIN for Series B-1 Debentures:</b>	US026874BN67
<b>CUSIP for Series B-2 Debentures:</b>	026874 BP1
<b>ISIN for Series B-2 Debentures:</b>	US026874BP16
<b>CUSIP for Series B-3 Debentures:</b>	026874 BQ9
<b>ISIN for Series B-3 Debentures:</b>	US026874BQ98
<b>Trade Date:</b>	May 12, 2008
<b>Settlement Date:</b>	May 16, 2008
<b>Joint Bookrunning Managers:</b>	Citigroup Global Markets Inc. and J.P. Morgan Securities Inc.
<b>Joint Lead Managers:</b>	Banc of America Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, UBS Securities LLC, Wachovia Capital Markets, LLC
<b>Co-Managers:</b>	Dowling & Partners Securities, LLC, Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC, Keefe Bruyette & Woods, Inc., Loop Capital Markets, LLC, Muriel Siebert & Co., Inc., The Williams Capital Group, L.P., Toussaint Capital Partners, LLC, Utendahl Capital Group, LLC
<b>Contract Adjustment Payment deferral rate:</b>	5.67% per annum



**Payment to be made on third stock purchase date of a Contract Adjustment Payment deferral:**

Each holder of an Equity Unit will receive (net of any required tax withholding on such contract adjustment payments, which shall be remitted to the appropriate taxing jurisdiction), in the sole discretion of AIG, either a number of shares of Common Stock (in addition to the number of shares of Common Stock per Equity Unit equal to the applicable settlement rate) equal to the aggregate amount of deferred contract adjustment payments payable to such holder divided by the greater of the applicable market value and \$12.67, subject to anti-dilution adjustments, or additional debentures, in the sole discretion of AIG, in a principal amount equal to the aggregate amount of deferred contract adjustment payments.

**Early Settlement:**

Holders of Equity Units can settle a stock purchase contract at any time other than during a blackout period by paying an amount in cash equal to its stated amount, in which case for each \$25 stated amount of such stock purchase contract, 1.6447 shares of Common Stock, subject to adjustment, will be issued pursuant to the stock purchase contract. The number of shares will be fixed and will not be computed on the basis of the applicable market value of AIG's Common Stock on the early settlement date. Holders will not be entitled to any accrued and unpaid contract adjustment payment on stock purchase contracts that are settled early under these circumstances. Holders of Equity Units may settle early only in integral multiples of 40 Equity Units.

**Make-Whole Shares:**

The following table sets forth the Stock Prices, Effective Date and the number of make-whole shares applicable to a merger early settlement:

Effective Date	Stock Prices										
	\$10.00	\$20.00	\$30.00	\$38.00	\$40.00	\$45.60	\$50.00	\$60.00	\$70.00	\$80.00	\$120
May 12, 2008	1.3942	0.5204	0.1887	0.0000	0.1127	0.2722	0.2385	0.1711	0.1252	0.0927	0.0274
May 1, 2009	1.0158	0.3821	0.1118	0.0000	0.0574	0.2274	0.1949	0.1360	0.0970	0.0702	0.0188
May 1, 2010	0.5516	0.2212	0.0350	0.0000	0.0035	0.1707	0.1370	0.0860	0.0565	0.0387	0.0090
February 15, 2011	0.1389	0.0618	0.0069	0.0000	0.0000	0.0841	0.0532	0.0234	0.0132	0.0089	0.0021
February 16, 2011	0.1374	0.0611	0.0067	0.0000	0.0000	0.0851	0.0528	0.0232	0.0131	0.0088	0.0021
May 1, 2011	0.0582	0.0261	0.0038	0.0000	0.0000	0.0393	0.0263	0.0092	0.0049	0.0033	0.0006
May 2, 2011	0.0527	0.0238	0.0026	0.0000	0.0000	0.0359	0.0232	0.0087	0.0046	0.0032	0.0007
August 1, 2011	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact Stock Price and Effective Date applicable to a cash merger may not be set forth on the table, in which case:

- if the Stock Price is between two Stock Price amounts on the table or the Effective Date is between two dates on the table, the amount of make-whole shares will be determined by straight line interpolation between the make-whole share amounts set forth for the higher and lower Stock Price amounts and the two dates, as applicable, based on a 360-day year;

- if the Stock Price is in excess of \$120.00 per share (subject to adjustment as described above), then the make-whole share amount will be zero; and
- if the Stock Price is less than \$10.00 per share (subject to adjustment as described above), or the “minimum stock price,” then the make-whole share amount will be determined as if the stock price equaled the minimum stock price, using straight line interpolation, as described above, if the Effective Date is between two dates on the table.

**The issuer has filed a registration statement (including a prospectus) with the Securities and Exchange Commission, or SEC, for the offerings to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplements and other documents the issuer has filed with the SEC for more complete information about the issuer and these offerings. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Citigroup Global Markets Inc. toll free at (800) 831-9146, or J.P. Morgan Securities Inc. toll free at (866) 430-0686.**

**SCHEDULE III**

**Form of Opinion of Sullivan & Cromwell LLP**

May 16, 2008

[Name and Address of Underwriters]

Ladies and Gentlemen:

In connection with the several purchases today by you and the other Underwriters named in Schedule I to the Underwriting Agreement, dated May 12, 2008 (the "Underwriting Agreement"), between American International Group, Inc., a Delaware corporation (the "Company"), and you, as Representatives of the several Underwriters named therein (the "Underwriters"), of 72,000,000 equity units (the "Securities"), we, as counsel for the Company, have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. Each Security has an initial stated amount of \$75 and initially consists of (i) a stock purchase contract (the "Stock Purchase Contract"), with settlement dates on each of February 15, 2011, May 1, 2011 and August 1, 2011 and (ii) a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.67% Series B-1 Junior Subordinated Debentures (the "Series B-1 Debentures"), a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.82% Series B-2 Junior Subordinated Debentures (the "Series B-2 Debentures") and a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.89% Series B-3 Junior Subordinated Debentures (the "Series B-3 Debentures" and, together with the Series B-1 Debentures and the Series B-2 Debentures, "Debentures"). The Stock Purchase Contracts have been issued under the Purchase Contract Agreement, dated as of May 16, 2008 (the "Purchase Contract Agreement"), between the Company and The Bank of New York, as Purchase Contract Agent (the "Purchase Contract Agent"); the Debentures have been issued pursuant to the Junior Subordinated Debt Indenture, dated as of March 13, 2007, as amended and supplemented by the Sixth, Seventh and Eighth Supplemental Indentures, each dated as of May 16, 2008 (collectively, the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee"); and up to 154,738,080 shares (the "Shares") of the Company's common stock, par value \$2.50 per share (the "Common Stock"), are initially issuable upon settlement of the Stock Purchase Contracts. In accordance with the terms of the Purchase Contract Agreement, the Debentures will be pledged by the Purchase Contract Agent, on behalf of the holders of the Securities, to Wilmington Trust Company, as Collateral Agent, pursuant to the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), among the Company, the Purchase Contract Agent and Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary, to secure the holders' obligations to purchase the Shares in accordance with the Stock Purchase Contracts and the Purchase Contract Agreement. Upon the basis of the aforementioned examination, it is our opinion that:

1. The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware.

2. The Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act of 1939; the Debentures have been duly authorized, executed, authenticated, issued and delivered; and the Indenture and the Debentures constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.
3. The Purchase Contract Agreement has been duly authorized, executed and delivered by the Company; the Stock Purchase Contracts have been duly authorized, executed and delivered by the Company; the Purchase Contract Agreement and the Stock Purchase Contracts constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.
4. The Securities have been duly authorized, executed and delivered by the Company and constitute valid obligations of the Company, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.
5. The Shares have been duly authorized and reserved for issuance upon delivery in accordance with the Stock Purchase Contracts and the Purchase Contract Agreement; and when issued and paid for in accordance with the provisions of the Stock Purchase Contracts and the Purchase Contract Agreement, such Shares will be validly issued, fully paid and nonassessable.
6. The Pledge Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.
7. The Remarketing Agreement, dated as of May 16, 2008, among the Company, the Purchase Contract Agent and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Remarketing Agents (the "Remarketing Agents"), has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.
8. The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

The foregoing opinion is limited to the Federal laws of the United States, the laws of the State of New York and the General Corporation Law of the State of Delaware, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We have relied as to certain matters upon information obtained from public officials, officers of the Company and other sources believed by us to be responsible, and we have assumed that the

Indenture has been duly authorized, executed and delivered by the Trustee, that the Purchase Contract Agreement has been duly authorized, executed and delivered by the Purchase Contract Agent, that the Pledge Agreement has been duly authorized, executed and delivered by the Purchase Contract Agent and the Collateral Agent, Custodial Agent and Securities Intermediary, that the Remarketing Agreement has been duly authorized, executed and delivered by the Purchase Contract Agent and the Remarketing Agents, that the Securities and Debentures conform to the specimens thereof examined by us, that the Purchase Contract Agent's certificates of authentication of the Securities have been manually signed by one of the Purchase Contract Agent's authorized signatories, that the Trustee's certificates of authentication of the Debentures have been manually signed by one of the Trustee's authorized signatories, that the certificate for the Shares will conform to the specimen thereof examined by us and will be duly countersigned by a transfer agent and duly registered by a registrar of the Common Stock, and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

Very truly yours,

**Form of Letter of Sullivan & Cromwell LLP**

May 16, 2008

[Name and Address of Underwriters]

Ladies and Gentlemen:

This is with reference to the registration under the Securities Act of 1933 (the "Securities Act") and offering of 72,000,000 Equity Units (the "Securities") of American International Group, Inc. (the "Company").

Two Registration Statements (File Nos. 333-143992 and 333-106040) relating to the Securities were filed on different dates on Form S-3 in accordance with procedures of the Securities and Exchange Commission (the "Commission") permitting a delayed or continuous offering of securities pursuant thereto and, if appropriate, a post-effective amendment, document incorporated by reference therein or prospectus supplement that provides information relating to the terms of the securities and the manner of their distribution. References in this letter to the Registration Statement refer to the latest filed Registration Statement.

The Securities have been offered by the Prospectus, dated July 13, 2007 (the "Basic Prospectus"), as supplemented by the Prospectus Supplement, dated May 12, 2008 (the "Prospectus Supplement"), which updates or supplements certain information contained in the Basic Prospectus. The Basic Prospectus, as supplemented by the Prospectus Supplement, does not necessarily contain a current description of the Company's business and affairs since, pursuant to Form S-3, it incorporates by reference certain documents filed with the Commission that contain information as of various dates.

As counsel to the Company, we reviewed the Registration Statement, the Basic Prospectus, the Prospectus Supplement and the documents listed in Schedule A (those listed documents, taken together with the Basic Prospectus, being referred to herein as the "Pricing Disclosure Package") and participated in discussions with your representatives and those of the Company and its accountants. Between the date of the Prospectus Supplement and the time of delivery of this letter, we participated in further discussions with your representatives and those of the Company, its accountants and its counsel concerning certain matters relating to the Company and reviewed certificates of certain officers of the Company, a letter addressed to you from the Company's accountants and an opinion addressed to you from counsel to the Company. On the basis of the information that we gained in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law (including the requirements of Form S-3 and the character of prospectus contemplated thereby) and the experience we have gained through our practice under the Securities Act, we confirm to you that, in our opinion, each part of the Registration Statement, when such part became effective, and the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date of the Prospectus Supplement, appeared on their face to be appropriately responsive, in all material respects relevant to the offering of the Securities, to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

Further, nothing that came to our attention in the course of such review has caused us to believe that, insofar as relevant to the offering of the Securities,

(a) any part of the Registration Statement, when such part became effective, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or

(b) the Pricing Disclosure Package, as of 5:00 P.M. on May 12, 2008 (which you have informed us is prior to the time of the first sale of the Securities by any Underwriter), contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or

(c) the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date of the Prospectus Supplement, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We also advise you that nothing that came to our attention in the course of the procedures described in the second sentence of this paragraph has caused us to believe that (a) the Basic Prospectus, as supplemented by the Prospectus Supplement, or (b) the Pricing Disclosure Package, as of the time of delivery of this letter, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The limitations inherent in the independent verification of factual matters and the character of determinations involved in the registration process are such, however, that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package, except for those made under the captions "Description of Purchase Contracts AIG May Offer," "Description of Units AIG May Offer," "Description of Common Stock AIG May Offer" and "Description of Junior Subordinated Debentures AIG May Offer" in the Basic Prospectus and "Description of the Equity Units," "Description of the Stock Purchase Contracts," "Certain Provisions of the Purchase Contract Agreement and the Pledge Agreement," "Description of Our Debentures," "Description of Our Capital Stock," "Certain United States Federal Income Tax Consequences" and "Underwriting" in the Prospectus Supplement insofar as they relate to provisions of the Securities, the stock purchase contracts, the purchase contract agreement, junior subordinated debentures, the junior debt indenture and related supplemental indentures, the pledge agreement, the remarketing agreement and the underwriting agreement therein described or insofar as they relate to provisions of United States Federal tax law therein described. Also, we do not express any opinion or belief as to the financial statements or other financial data derived from accounting records contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package or as to the report of management's assessment of the effectiveness of internal control over financial reporting or the auditors' attestation report thereon, each as included in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package.

This letter is furnished by us, as counsel to the Company, to you, as Representatives of the Underwriters, solely for the benefit of the Underwriters in their capacity as such, and may not be relied upon by any other person. This letter may not be quoted, referred to or furnished to any

purchaser or prospective purchaser of the Securities and may not be used in furtherance of any offer or sale of the Securities.

Very truly yours,

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**SCHEDULE A**

Preliminary Prospectus Supplement, dated May 8, 2008

Final Term Sheet, dated May 12, 2008, insofar as the Final Term Sheet related to the terms of the Securities

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**SCHEDULE IV**

**Form of Opinion of Kathleen E. Shannon**

May 16, 2008

[Name and Address of Underwriters]

Ladies and Gentlemen:

I am Senior Vice President, Secretary and Deputy General Counsel of American International Group, Inc., a Delaware corporation (the "Company"), and, as such, I am generally familiar with the corporate affairs of the Company.

This opinion is rendered in connection with the several purchases today by you and the other Underwriters named in Schedule I to the Underwriting Agreement, dated May 12, 2008 (the "Underwriting Agreement"), between the Company and you, as Representatives of the several Underwriters named therein (the "Underwriters"), of 72,000,000 Equity Units (the "Securities") of the Company. Each Security has an initial stated amount of \$75 and initially consists of (i) a stock purchase contract (the "Stock Purchase Contract"), with settlement dates on each of February 15, 2011, May 1, 2011 and August 1, 2011 and (ii) a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.67% Series B-1 Junior Subordinated Debentures (the "Series B-1 Debentures"), a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.82% Series B-2 Junior Subordinated Debentures (the "Series B-2 Debentures") and a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.89% Series B-3 Junior Subordinated Debentures (the "Series B-3 Debentures" and, together with the Series B-1 Debentures and the Series B-2 Debentures, "Debentures"). The Stock Purchase Contracts have been issued under the Purchase Contract Agreement, dated as of May 16, 2008 (the "Purchase Contract Agreement"), between the Company and The Bank of New York, as Purchase Contract Agent (the "Purchase Contract Agent"); the Debentures have been issued pursuant to the Junior Subordinated Debt Indenture, dated as of March 13, 2007, as amended and supplemented by the Sixth, Seventh and Eighth Supplemental Indentures, each dated as of May 16, 2008 (collectively, the "Indenture"), between the Company and The Bank of New York, as Trustee; and up to 154,738,080 shares (the "Shares") of the Company's common stock, par value \$2.50 per share (the "Common Stock"), are initially issuable upon settlement of the Stock Purchase Contracts. In accordance with the terms of the Purchase Contract Agreement, the Debentures will be pledged by the Purchase Contract Agent, on behalf of the holders of the Securities, to Wilmington Trust Company, as Collateral Agent, pursuant to the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), among the Company, the Purchase Contract Agent and Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary, to secure the holders' obligations to purchase the Shares in accordance with the Stock Purchase Contracts and the Purchase Contract Agreement.

Two Registration Statements (File Nos. 333-143992 and 333-106040) relating to the Securities, the Stock Purchase Contracts, the Debentures and the Shares were filed on Form S-3 under the Securities Act of 1933 (the "Act") on different dates. The latest filed Registration Statement was declared effective by the Securities and Exchange Commission (the "Commission") on July 13, 2007. References in this letter to the Registration Statement refer to the latest filed Registration Statement. The Securities have been offered by the Prospectus dated July 13, 2007 (the "Basic Prospectus"), as supplemented by the Prospectus Supplement, dated May 12, 2008 (the "Prospectus Supplement").

In rendering my opinion, I, as Senior Vice President, Secretary and Deputy General Counsel of the Company, have examined the Registration Statement, the Basic Prospectus, the Prospectus Supplement and the documents listed in Schedule A hereto (those listed documents, taken together with the Basic Prospectus as amended or supplemented immediately prior to the Applicable Time (as defined below), being referred to herein as the "Pricing Disclosure Package"), and I have examined such corporate records, certificates and other documents, and have reviewed such questions of law, as I have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination and review, it is my opinion that:

(i) The Company has authorized capital stock as set forth in the Company's Restated Certificate of Incorporation, as amended, as incorporated by reference in the Pricing Disclosure Package and the Basic Prospectus; all outstanding shares of the Company's Common Stock have been duly authorized and validly issued and are fully paid and nonassessable; and the Shares have been duly authorized and reserved for issuance upon delivery in accordance with the Stock Purchase Contracts and the Purchase Contract Agreement, and when issued and paid for in accordance with the provisions of the Stock Purchase Contracts and the Purchase Contract Agreement, such Shares will be validly issued, fully paid and nonassessable.

(ii) The issue and sale of the Securities, and the issue of the Stock Purchase Contracts and Debentures, and the compliance by the Company with all of the provisions of the Underwriting Agreement, the Purchase Contract Agreement, the Indenture, the Pledge Agreement and the Remarketing Agreement, dated as of May 16, 2008 (the "Remarketing Agreement"), among the Company, the Purchase Contract Agent and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Remarketing Agents, will not result in a breach of any of the terms or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, loan agreement, or other material agreement or instrument in effect on the date hereof and known to me, to which the Company is a party or by which the Company may be bound or to which any of the property or assets of the Company is subject or violate any judgment, order or decree of any court or governmental body applicable to the Company, except for such breaches, defaults and violations that would not individually or in the aggregate have a Material Adverse Effect (as defined in the Underwriting Agreement) or affect the validity of the Securities, the Stock Purchase Contracts or the Debentures, nor will such action result in any violation of the provisions of the Restated Certificate of Incorporation, as amended, or the By-Laws of the Company in effect on the date hereof.

(iii) No consent, approval, authorization, order, registration or qualification of or with any court or any regulatory authority or other governmental body is required for the issuance and sale of the Securities, the issuance of the Stock Purchase Contracts or the Debentures, or the consummation by the Company of the other transactions contemplated by the Underwriting Agreement, the Purchase Contract Agreement, the Indenture, the Pledge Agreement or the

Remarketing Agreement, except such as have been obtained under the Act, such consents, approvals, authorizations, orders, registrations and qualifications required to list the Securities on the New York Stock Exchange and such consents, approvals, authorizations, orders, registrations or qualifications the failure to obtain or make would not individually or in the aggregate have a Material Adverse Effect or affect the validity of the Securities, the Stock Purchase Contracts or the Debentures and as may be required in connection with the transactions contemplated by the Remarketing Agreement and under state securities or Blue Sky laws (including insurance laws of any state relating to offers and sales of securities in such state) in connection with the purchase and distribution of the Securities, the Stock Purchase Contracts and the Debentures by the Underwriters, as contemplated by the Underwriting Agreement.

(iv) To the best of my knowledge and information, there are no contracts or other documents required to be summarized or disclosed or filed as exhibits to the Registration Statement, other than those summarized or disclosed in the Registration Statement or filed as exhibits thereto, and there are no legal or governmental proceedings pending or threatened of a character required to be disclosed in the Registration Statement and the Basic Prospectus, as amended or supplemented by the Prospectus Supplement, which are not disclosed.

(v) Nothing which came to my attention has caused me to believe that, insofar as relevant to the offering of the Securities,

(a) any part of the Registration Statement, when such part became effective, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or

(b) the Pricing Disclosure Package, as of 5:00 P.M. on May 12, 2008 (the "Applicable Time") (which you have informed me is prior to the time of the first sale of the Securities by any Underwriter), contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or

(c) the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date of the Prospectus Supplement or as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) The documents incorporated by reference in the Basic Prospectus, as supplemented by the Prospectus Supplement, as of the date they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the Act and the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

In rendering the opinion in paragraph (v), (A) I assume no responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package, except for those made under the captions "Description of Purchase Contracts AIG May Offer," "Description of Units AIG May Offer," "Description of Common Stock AIG May Offer" and "Description of

Junior Subordinated Debentures AIG May Offer” in the Basic Prospectus and “Description of the Equity Units,” “Description of the Stock Purchase Contracts,” “Certain Provisions of the Purchase Contract Agreement and the Pledge Agreement,” “Description of Our Debentures” and “Description of Our Capital Stock” in the Prospectus Supplement insofar as they constitute summaries of the documents therein described, and (B) I express no opinion or belief as to the financial statements or other financial data derived from accounting records contained in the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Pricing Disclosure Package, or as to the report of management’s assessment of the effectiveness of internal control over financial reporting or the auditors’ attestation report thereon, each as included in the Registration Statement, the Basic Prospectus, the Prospectus Supplement and the Pricing Disclosure Package.

In rendering the opinion in paragraph (vi), I express no opinion or belief as to the financial statements or other financial or statistical data contained in the documents incorporated by reference in the Basic Prospectus or the Prospectus Supplement, or as to the report of management’s assessment of the effectiveness of internal control over financial reporting or the auditors’ attestation report thereon, each as included in the documents incorporated by reference in the Basic Prospectus and the Prospectus Supplement.

The foregoing opinion is limited to the Federal laws of the United States, the laws of the State of New York and the General Corporation Law of the State of Delaware, and I am expressing no opinion as to the effect of the laws of any other jurisdiction.

I have relied as to certain matters upon information obtained from public officials, officers of the Company and other sources believed by me to be responsible, and I have assumed that the certificates for the outstanding shares of Common Stock conform to the specimen thereof examined by me and have been duly countersigned by a transfer agent and duly registered by a registrar of the Common Stock, that the certificates for the Shares will conform to the specimen thereof examined by me and will be duly countersigned by a transfer agent and duly registered by a registrar of the Common Stock, and that the signatures on all documents examined by me are genuine, assumptions which I have not independently verified.

This letter is furnished by me, as Senior Vice President, Secretary and Deputy General Counsel of the Company, to you, as Representatives of the Underwriters, solely for the benefit of the Underwriters in their capacity as such, and may not be relied upon by any other person. This opinion may not be quoted, referred to or furnished to any purchaser or prospective purchaser of the Securities and may not be used in furtherance of any offer or sale of the Securities.

Very truly yours,

**SCHEDULE A**

Preliminary Prospectus Supplement, dated May 8, 2008

Final Term Sheet, dated May 12, 2008, insofar as the Final Term Sheet related to the terms of the Securities

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SCHEDULE V

**Form of Letter of Independent Registered Public Accounting Firm**

May 12, 2008

American International Group, Inc.

and

The Underwriters listed on Schedule I

Ladies and Gentlemen:

We have audited:

1. the consolidated financial statements of American International Group, Inc. (the "Company") and subsidiaries as of December 31, 2007 and 2006 and for each of the three years in the period ended December 31, 2007 included in the Company's annual report on Form 10-K for the year ended December 31, 2007 (the "Form 10-K"),
2. the related financial statement schedules included in the Form 10-K, and
3. the effectiveness of the Company's internal control over financial reporting as of December 31, 2007.

The consolidated financial statements and financial statement schedules referred to above are incorporated by reference in the registration statements (Nos. 333-143992 and 333-106040) on Form S-3 filed by the Company under the Securities Act of 1933 (the "Act"); our report (which contains an adverse opinion on the effectiveness of internal control over financial reporting) with respect to the audits referred to above is also incorporated by reference in such registration statements. Such registration statements, of which the Prospectus dated July 13, 2007 forms a part, as supplemented by the Prospectus Supplement dated May 12, 2008 are herein collectively referred to as the "Registration Statement." This letter is furnished with respect to the offering of the Company's 72,000,000 Equity Units.

In connection with the Registration Statement:

1. We are an independent registered public accounting firm with respect to the Company within the meaning of the Act and the applicable rules and regulations thereunder adopted by the Securities and Exchange Commission (the "SEC") and the Public Company Accounting Oversight Board (United States) (the "PCAOB").
  2. In our opinion, the consolidated financial statements and financial statement schedules audited by us and incorporated by reference in the Registration Statement comply as to form
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in all material respects with the applicable accounting requirements of the Act and the Securities Exchange Act of 1934 and the related rules and regulations adopted by the SEC.

3. We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2007; although we have conducted an audit for the year ended December 31, 2007, the purpose (and therefore the scope) of such audit was to enable us to express our opinion on the consolidated financial statements as of December 31, 2007 and for the year then ended, but not on the financial statements for any interim period within such year. Therefore, we are unable to and do not express any opinion on the unaudited consolidated balance sheet as of March 31, 2008 and the unaudited consolidated statements of income (loss), comprehensive income (loss), and cash flows for the three-month periods ended March 31, 2008 and 2007, included in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2008, incorporated by reference in the Registration Statement, or on the Company's financial position, results of operations or cash flows as of any date or for any period subsequent to December 31, 2007. Also, we have not audited the Company's internal control over financial reporting as of any date subsequent to December 31, 2007. Therefore, we do not express any opinion on the Company's internal control over financial reporting as of any date subsequent to December 31, 2007.
4. For purposes of this letter, we have read the minutes of the 2008 meetings of the Board of Directors and Committees of the Board of Directors of the Company as set forth in the minute books at May 8, 2008, officials of the Company having advised us that the minutes of all such meetings through that date were set forth therein, except for the minutes of the meetings listed below which were not approved in final form, for which agendas were provided to us; officials of the Company have represented that such agendas include all substantive actions taken at such meetings:
  - a. the Board of Directors (the "Board") - the February 26, 2008, March 12, 2008, May 5, 2008, May 6, 2008 and May 8, 2008 meetings;
  - b. the Audit Committee of the Board — the January 15, 2008, February 7, 2008, February 26, 2008, March 11, 2008, April 16, 2008 and May 5, 2008 meetings;
  - c. the Compensation and Management Resources Committee of the Board — the February 26, 2008 and March 11, 2008 meetings;
  - d. the Finance Committee of the Board - the December 13, 2007, February 12, 2008, March 11, 2008 April 17, 2008 and May 5, 2008 meetings;
  - e. the Nominating and Corporate Governance Committee of the Board — the January 15, 2008 and March 11, 2008 meetings;



- f. the Public Policy and Social Responsibility Committee of the Board — the January 15, 2008 and April 16, 2008 meetings, and
- g. the Regulatory, Compliance and Legal Committee of the Board — the January 16, 2008 and March 12, 2008 meetings.

We have carried out other procedures to May 8, 2008 (our work did not extend to the period from May 9, 2008 to May 12, 2008, inclusive) as follows:

With respect to the three-month periods ended March 31, 2008 and 2007, we have:

- (i) performed the procedures (completed on May 8, 2008) specified by the PCAOB for a review of interim financial information as described in SAS No. 100, *Interim Financial Information*, on the unaudited consolidated financial statements as of and for the three-month periods ended March 31, 2008 and 2007 included in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2008 (the "March 31, 2008 Form 10-Q"), incorporated by reference in the Registration Statement; and
- (ii) inquired of certain officials of the Company who have responsibility for financial and accounting matters whether the unaudited consolidated financial statements referred to in (i) above comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to the Form 10-Q and the related rules and regulations adopted by the SEC.

The foregoing procedures do not constitute an audit made in accordance with standards of the PCAOB. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations as to the sufficiency of the foregoing procedures for your purposes.

5. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that:

- (i) Any material modifications should be made to the unaudited consolidated financial statements described in 4, incorporated by reference in the Registration Statement, for them to be in conformity with generally accepted accounting principles.
- (ii) The unaudited consolidated financial statements described in 4 do not comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to the Form 10-Q and the related rules and regulations adopted by the SEC.

It should be noted that effective January 1, 2008, the Company adopted FAS 157 "Fair Value Measurements", FAS 159 "The Fair Value Option for Financial Assets and Financial Liabilities" and FSP FIN 39-1 "Amendment of FASB Interpretation No. 39".

6. Company officials have advised us that no consolidated financial data as of any date or for any period subsequent to March 31, 2008 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after March 31, 2008 have, of necessity, been limited. We have inquired of certain officials of the Company who have responsibility for financial and accounting matters as to whether (a) at May 8, 2008 there was any change in the capital stock, increase in long-term debt, or decrease in consolidated shareholders' equity of the Company as compared with amounts shown in the March 31, 2008 unaudited consolidated balance sheet incorporated by reference in the Registration Statement; or (b) for the period from April 1, 2008 to May 8, 2008, there was any decrease, as compared with the corresponding period in the preceding year, in consolidated net income.

Those officials referred to above stated that due to the fact that there is no consolidated financial data available subsequent to March 31, 2008, they are unable to comment as to whether there was any such change, increase or decrease, except in all instances for changes, increases or decreases that the Registration Statement discloses have occurred or may occur.

7. For purposes of this letter, we have also read the items identified by you on the attached pages from the Form 10-K and the March 31, 2008 Form 10-Q incorporated by reference in the Registration Statement and have performed the following procedures, which were applied as indicated with respect to the letters explained below. We make no comment as to whether the SEC would view any non-GAAP financial information included or incorporated by reference in the Registration Statement as being compliant with the requirements of Regulation G or Item 10 of Regulation S-K.

- A Compared to or recomputed from corresponding amounts included in the Company's audited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement.
- B Compared with or recomputed from corresponding amounts included in the Company's accounting records and found such amounts to be in agreement.
- C Compared to or recomputed from a schedule prepared by the Company from its accounting records and found such amounts to be in agreement. We (a) compared the amounts on the schedule to corresponding amounts appearing in the accounting records and found such amounts to be in agreement and (b) determined that the schedule was mathematically correct.
- D Compared to or recomputed from corresponding amounts in the Company's unaudited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement.
- E Compared to or recomputed from a corresponding amount in the Company's audited financial statements incorporated by reference in the Registration Statement and found such amounts to be in agreement. However, we make no comment as to the appropriateness of the Company's classifications of debt as being guaranteed by AIG and not guaranteed by AIG.
- F Compared with corresponding amounts included in the Company's accounting records and found such amounts to be in agreement. However, we make no comment as to the appropriateness of the Company's classifications of debt as being guaranteed by AIG and not guaranteed by AIG.

8. Our audit of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those identified by you, and, accordingly, we express no opinion thereon.
9. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the second preceding paragraph; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages identified by you. Further, we have addressed ourselves solely to the foregoing data as set forth or incorporated by reference in the Registration Statement and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.
10. This letter is solely for the information of the addressees and to assist the Underwriters in conducting and documenting their investigation of the affairs of the Company in connection with the offering of the securities covered by the Registration Statement, and is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the Registration Statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the Registration Statement.

Yours very truly,

Schedule I

Citigroup Global Markets Inc.  
J.P. Morgan Securities Inc.  
Banc of America Securities LLC  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Morgan Stanley & Co. Incorporated  
UBS Securities LLC  
Wachovia Capital Markets, LLC  
Dowling & Partners Securities, LLC  
Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC  
Keefe Bruyette & Woods, Inc.  
Loop Capital Markets, LLC  
Muriel Siebert & Co., Inc.  
The Williams Capital Group, L.P.  
Toussaint Capital Partners, LLC  
Utendahl Capital Group, LLC

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Schedule I

Citigroup Global Markets Inc.  
J.P. Morgan Securities Inc.  
Banc of America Securities LLC  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Morgan Stanley & Co. Incorporated  
UBS Securities LLC  
Wachovia Capital Markets, LLC  
Dowling & Partners Securities, LLC  
Fox-Pitt Kelton Cochran Caronia Waller (USA) LLC  
Keefe Bruyette & Woods, Inc.  
Loop Capital Markets, LLC  
Muriel Siebert & Co., Inc.  
The Williams Capital Group, L.P.  
Toussaint Capital Partners, LLC  
Utendahl Capital Group, LLC

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AMERICAN INTERNATIONAL GROUP, INC.

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**Sixth Supplemental Indenture**

*Dated as of May 16, 2008*

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(Supplemental to the Junior Subordinated Debt Indenture Dated as of March 13, 2007)

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THE BANK OF NEW YORK,  
*as Trustee*

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SIXTH SUPPLEMENTAL INDENTURE, dated as of May 16, 2008, between American International Group, Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), and The Bank of New York, a New York banking corporation, as Trustee (herein called "Trustee");

RECITALS:

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Junior Subordinated Debt Indenture, dated as of March 13, 2007 (the "Indenture"), providing for the issuance from time to time of the Company's unsecured debentures, notes or other evidences of indebtedness (herein and therein called the "Securities"), to be issued in one or more series as provided in the Indenture;

WHEREAS, Section 901 of the Indenture permits the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form and terms of a series of Securities;

WHEREAS, Section 201 of the Indenture permits the form of Securities of a series to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 301 of the Indenture permits certain terms of a series of Securities to be established pursuant to an indenture supplemental to the Indenture;

WHEREAS, pursuant to Sections 201 and 301 of the Indenture, the Company desires to provide for the establishment of a new series of Securities under the Indenture, the form and substance of such Securities and the terms, provisions and conditions thereof to be set forth as provided in the Indenture and this Sixth Supplemental Indenture;

WHEREAS, all things necessary to make this Sixth Supplemental Indenture a valid agreement of the Company, in accordance with its terms, have been done;

WHEREAS, the Corporate Units will include as a component the Debentures (as hereinafter defined);

WHEREAS, the Debentures are entitled to the benefit of a Remarketing Agreement, dated as of the date hereof, among the Company, the Purchase Contract Agent (as hereinafter defined) and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Remarketing Agents;

NOW, THEREFORE, THIS SIXTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities of the series established by this Sixth Supplemental Indenture by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all such Holders, as follows:

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**ARTICLE ONE**  
**DEFINITIONS AND OTHER PROVISIONS**  
**OF GENERAL APPLICATION**

**Section 1.1 Relation to Indenture**

This Sixth Supplemental Indenture constitutes a part of the Indenture (the provisions of which, as modified by this Sixth Supplemental Indenture, shall apply to the Debentures) in respect of the Debentures but shall not modify, amend or otherwise affect the Indenture insofar as it relates to any other series of Securities or modify, amend or otherwise affect in any manner the terms and conditions of the Securities of any other series.

**Section 1.2 Definitions**

For all purposes of this Sixth Supplemental Indenture, the capitalized terms used herein (i) which are defined in this Section 1.2 have the respective meanings assigned hereto in this Section 1.2 and (ii) which are defined in the Indenture (and which are not defined in this Section 1.2) have the respective meanings assigned thereto in the Indenture. For all purposes of this Sixth Supplemental Indenture:

1.2.1 Unless the context otherwise requires, any reference to an Article, Section or Annex refers to an Article or Section of, or Annex to, as the case may be, this Sixth Supplemental Indenture;

1.2.2 The words “herein”, “hereof” and “hereunder” and words of similar import refer to this Sixth Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;

1.2.3 The following terms have the meanings given to them in the Pledge Agreement (where applicable, with respect to the Debentures): Collateral Account; Collateral Agent; Custodial Agent, and Proceeds;

1.2.4 The following terms have the meanings given to them in the Purchase Contract Agreement (where applicable, with respect to the Debentures): Contract Adjustment Payments; Corporate Units; Equity Units; First Stock Purchase Date; Purchase Contract Agent; Remarketing Period; Remarketing Settlement Date; Separate Debentures; Separate Debentures Purchase Price; Stock Purchase Contract; Stock Purchase Date; Treasury Portfolio Purchase Price, and Treasury Units.

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1.2.5 The terms defined in this Section 1.2.5 have the meanings assigned to them in this Section and include the plural as well as the singular:

“Additional Debentures” means any debt securities issued pursuant to Section 5.11(c) of the Purchase Contract Agreement in respect of deferred Contract Adjustment Payments or pursuant to Section 2.1(g)(ii), and shall (a) bear interest at an annual rate equal to the then market rate of interest for similar instruments (not to exceed 10%), as determined by a nationally recognized investment banking firm selected by the Company, (b) rank *pari passu* with the Debentures, (c) provide for optional deferral on the same basis as the Debentures (d) be redeemable at the Company’s option at any time at their principal amount, plus accrued and unpaid interest thereon through their date of redemption and (e) be issued under the Indenture.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, the rate *per annum* equal to the yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Assurance Agreement” means the agreement of the Company, dated as of June 27, 2005, in favor of eligible employees and relating to specified obligations of Starr International Company, Inc. (as such agreement may be amended, supplemented, extended, modified or replaced from time to time).

“Base Rate” has the meaning set forth in Section 2.2(a)(iii).

“Business Day” is any day, other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed.

“Calculation Agent” means AIG Financial Products Corp., or any other Person appointed by the Company, acting as calculation agent for the Debentures. Any successor or substitute Calculation Agent may be an Affiliate of the Company.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) shares issued by that Person.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an independent investment bank selected by the Calculation Agent as having a maturity comparable to the term remaining from the Redemption Date to the Final Maturity Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity.

“Comparable Treasury Price” means, with respect to any Redemption Date, the average of the Reference Treasury Dealer Quotations for such Redemption Date.

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“Coupon Rate” means the interest rate payable on the Debentures as set forth herein.

“Debentures” has the meaning set forth in Section 2.1(a).

“Deferred Interest” has the meaning set forth in Section 2.1(g).

“Deferral Period” means each period beginning on an Interest Payment Date with respect to which the Company elects pursuant to Section 2.1(g) to defer all or part of any interest payment due on such Interest Payment Date and ending on the earlier of (i) the First Stock Purchase Date and (ii) the next Interest Payment Date on which the Company has paid all accrued and previously unpaid interest on the Debentures.

“Employee Benefit Plan” means any written purchase, savings, option, bonus, appreciation, profit sharing, thrift, incentive, pension or similar plan or arrangement or any written compensatory contract or arrangement.

“Events of Default” has the meaning set forth in Section 2.1(h).

“Failed Remarketing” has the meaning set forth in Section 2.1(p)(iii).

“Final Maturity Date” means the earlier of February 15, 2041 and the maturity date specified by the Company pursuant to Section 2.2(a)(i).

“Indebtedness” means all indebtedness and obligations (other than the Debentures) of, or Guaranteed or assumed by, the Company that (i) are for borrowed money or (ii) are evidenced by bonds, debentures, notes or other similar instruments.

“Initial Interest Rate” has the meaning set forth in Section 2.1(e).

“Interest Payment Date” has the meaning set forth in Section 2.1(e).

“Interest Period” means the period from and including any Interest Payment Date (or, in the case of the first Interest Payment Date, May 16, 2008) to but excluding the next succeeding Interest Payment Date.

“Make-Whole Redemption Price” means the sum, as determined by the Calculation Agent, of the present values, determined in accordance with customary financial practice, of the remaining scheduled payments of principal discounted from the Final Maturity Date and interest thereon that would have been payable to and including the Final Maturity Date (not including any portion of such payments of interest accrued to the Redemption Date) discounted from the relevant Interest Payment Date to the Redemption Date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus 0.25%.

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“Other Debentures” means each of the series of Securities issued under the Seventh Supplemental Indenture to the Indenture and the Eighth Supplemental Indenture to the Indenture, each dated as of the date hereof, and each between the Company and the Trustee.

“pari passu”, as applied to the ranking of any obligation of a Person in relation to any other obligation of such Person, means in any bankruptcy, insolvency or receivership proceeding that each such obligation either (i) is not subordinated or junior in right of payment to any other obligation or (ii) is subordinate or junior in right of payment to the same obligations as is the other, and is so subordinate or junior to the same extent, and is not subordinate or junior in right of payment to each other or to any obligation as to which the other is not so subordinate or junior.

“Pledge Agreement” means the Pledge Agreement, dated as of May 16, 2008, among the Company, Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent, as it may be amended from time to time.

“Purchase Contract Agreement” means the Purchase Contract Agreement, dated as of May 16, 2008, between the Company and The Bank of New York, as Purchase Contract Agent, as it may be amended from time to time.

“Put Notice” has the meaning set forth in Section 2.1(n).

“Put Right” has the meaning set forth in Section 2.1(n).

“Reference Treasury Dealer” means each of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., or their respective successors; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a “Primary Treasury Dealer”), the Company shall substitute therefor another Primary Treasury Dealer; and any other Primary Treasury Dealer selected by the Calculation Agent after consultation with the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Calculation Agent, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by that Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such Redemption Date.

“Regular Record Date” for the payment of any current interest payable on any Interest Payment Date, the date specified in Section 2.1(f) and for the payment of Deferred Interest, the date specified in Section 2.1(g)(ii).

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“Remarketing” means a remarketing of Debentures pursuant to Section 2.1(p) and the Remarketing Agreement.

“Remarketing Agents” means the Remarketing Agents and any successor or replacement remarketing agents appointed by the Company pursuant to Section 2.1(p).

“Remarketing Agents’ Fee” means 0.25% of the sum of the Treasury Portfolio Purchase Price and the Separate Debentures Purchase Price.

“Remarketing Agreement” means the remarketing agreement entered into among the Company, the Purchase Contract Agent and the Remarketing Agents pursuant to Section 2.1(p).

“Remarketing Date” means any day during a Remarketing Period on which the Remarketing Agent finds buyers for all of the Debentures offered in the Remarketing by 4:00 p.m., New York City time.

“Remarketing Period Start Date” means the first day of the Remarketing Period.

“Reset Rate” has the meaning set forth in Section 2.1(p).

“Reset Spread” has the meaning set forth in Section 2.1(p).

“Successful” means, as to a Remarketing, that the Remarketing is conducted in accordance with Section 2.1(p) and the Remarketing Agent finds buyers for all of the Debentures offered in the Remarketing no later than 4:00 p.m., New York City time, on the last day of the Remarketing Period.

## ARTICLE TWO

### GENERAL TERMS AND CONDITIONS OF THE DEBENTURES

#### Section 2.1 Terms of Debentures

Pursuant to Sections 201 and 301 of the Indenture, there is hereby established a series of Securities, the terms of which shall be as follows:

(a) Designation. The Securities of this series shall be known and designated as the “5.67% Series B-1 Junior Subordinated Debentures” of the Company (the “Debentures”). The CUSIP number of the Debentures is 026874 BN6.

(b) Aggregate Principal Amount. The maximum aggregate principal amount of the Debentures that may be authenticated and delivered under the Indenture and this Sixth Supplemental Indenture is \$1,960,000,000 (except for

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Debentures authenticated and delivered upon registration of transfer of, or exchange for, or in lieu of, other Debentures pursuant to Section 304, 305, 306, 906 or 1107 of the Indenture or 2.1(n) or 2.1(p) of this Sixth Supplemental Indenture).

(c) **Form and Denominations.** (i) The Debentures will initially be issued in the form of one or more Securities substantially in the form of Annex A, with such modifications thereto as may be approved by the officer executing the same. The Debentures will be denominated in U.S. dollars and payments of principal and interest will be made in U.S. dollars. Except as provided for in Section 2.1(c)(ii), the Debentures will be issued only in fully registered certificated form without coupons, and the authorized denominations of the Debentures shall be \$1,000 and integral multiples of \$1,000 in excess thereof. Debentures that are components of Corporate Units shall be registered in the name of The Bank of New York, as Purchase Contract Agent. Principal and interest on the Debentures will be payable, the transfer of such Debentures will be registrable, and such Debentures will be exchangeable for Debentures of a like aggregate principal amount bearing identical terms and provisions, at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, New York City, which shall initially be the Corporate Trust Office of the Trustee, *provided, however*, that payment of interest may be made, at the option of the Company, by check mailed to the Holder at such address as shall appear in the Security Register or by wire transfer to an account appropriately designated by the Holder entitled to payment. No service charge shall be made for any registration of transfer or exchange of any Debentures, but the Company may require payment from the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(i) If any Debenture is no longer a component of the Corporate Unit and released from the Collateral Account, the Company, at its election, may issue one or more certificates, in form of a Global Security to represent such Debenture and any other Debentures that cease to be a component of Corporate Units and are released from the Collateral Account. If issued as one or more Global Securities, the Depository shall be The Depository Trust Company or such other depository as any officer of the Company may from time to time designate. Upon the creation of Treasury Units or the recreation of Corporate Units, an appropriate annotation shall be made on the Schedule of Increases and Decreases on the Global Securities held by the Depository and on the Schedule of Increases and Decreases on the Debenture held by the Collateral Agent. The Global Securities will be subject to the provisions of Section 305 of the Indenture and bear the legend in Section 204 of the Indenture; *provided, however*, that notwithstanding clause (2) of Section 305 of the Indenture, the Global Securities may be exchanged in whole or in part for Debentures registered in the name of the Purchase Contract Agent upon the recreation of Corporate Units in accordance

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with the Purchase Contract Agreement and Pledge Agreement. Payments with respect to Global Securities will be made by wire transfer to the Depository.

(d) Maturity. The principal amount of, and all accrued and unpaid interest on, the outstanding Debentures shall be payable in full on the Final Maturity Date.

(e) Rate of Interest. The Debentures shall bear interest (i) from and including May 16, 2008 to but excluding the earlier of their maturity date and the Remarketing Settlement Date at the rate of 5.67% *per annum* (the "Initial Interest Rate"), and (ii) from and including the Remarketing Settlement Date, at the Reset Rate. Interest on the Debentures shall be payable (i) quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, beginning on August 1, 2008, (ii) if there is a Failed Remarketing, on February 15, 2011 for the period from and including February 1, 2011 to but excluding February 15, 2011 and (iii) after a Successful Remarketing, semi-annually in arrears on February 1 and August 1 at the Reset Rate, accruing from the Remarketing Settlement Date, unless the Company elects a Reset Rate that is a floating rate pursuant to Section 2.2(a)(iii) (each such date on which interest is to be paid, an "Interest Payment Date"). Except as provided in Section 2.1(p), the amount of interest payable on the Debentures for any period will be computed (i) for any full quarterly or semi-annual period on the basis of a 360-day year of twelve 30-day months and (ii) for any period shorter than a full quarterly or semi-annual period, on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. Except as provided in Section 2.1(p), in the event any Interest Payment Date falls on a day that is not a Business Day, the interest payment due on that date will be postponed to the next day that is a Business Day with the same force and effect as if made on such originally scheduled date and no interest shall accrue as a result of such postponement.

(f) To Whom Interest is Payable. Except as provided in Section 2.1(g)(ii) and as otherwise determined by the Company from time to time, interest (other than Deferred Interest which shall be payable to the Persons specified pursuant to Section 2.1(g)(ii)) shall be payable to the Person in whose name the Debentures are registered at the close of business on the 15<sup>th</sup> day of the month prior to the month in which the Interest Payment Date falls, whether or not a Business Day, or on February 1, 2011 in the case of the Interest Payment Date, if any, that falls on February 15, 2011.

(g) Option to Defer Interest Payments. (i) The Company shall have the right, at any time and from time to time prior to the First Stock Purchase Date, to defer the payment of interest on the Debentures for one or more consecutive Interest Periods; *provided* that no Deferral Period shall extend beyond the First Stock Purchase Date (such interest referred to as "Deferred Interest"). Deferred Interest will, subject to applicable law, accrue interest at the Initial Interest Rate

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compounded on each Interest Payment Date. The Company agrees that (A) until the First Stock Purchase Date, (x) if an Event of Default has occurred and is continuing, (y) the Company has given notice of its election to defer interest payments but the Deferral Period has not yet commenced or (z) a Deferral Period is continuing, (B) the Company has given notice of its election to defer Contract Adjustment Payments but the related deferral period has not yet commenced or a deferral period is continuing with respect to such Contract Adjustment Payments, or (C) Additional Debentures are outstanding, the Company shall not, and shall not permit any Subsidiary, subject to the exceptions specified in clause (v) of this Section 2.1(g), to: (a) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any Capital Stock of the Company, (b) make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any debt securities of the Company that rank *pari passu* with, or junior to, the Debentures (including the Other Debentures) or (c) make any payments with respect to any Guarantee by the Company of securities of any Subsidiary if such Guarantee ranks *pari passu* with, or junior to, the Debentures.

(ii) The Company may pay Deferred Interest pursuant to this Section 2.1(g) to the Holder at any time either in the form of cash or in the form of an Additional Debenture having a principal amount equal to the aggregate amount of accrued but unpaid Deferred Interest on the date of issuance and maturing on the later of August 1, 2014 and the date five years after the date of commencement of the Deferral Period; *provided, however*, that the Company must pay any accrued but unpaid Deferred Interest to the Holder either in the form of cash or in the form of Additional Debentures on the First Stock Purchase Date, whether or not such Holder participates in the Remarketing. Deferred Interest paid on any Interest Payment Date shall be payable to the Person in whose name the Debentures are registered at the close of business on the Record Date next preceding such Interest Payment Date, *provided* that the Company shall establish a Special Record Date for any Deferred Interest to be paid on a date other than an Interest Payment Date and Holders on that Special Record Date shall be entitled to payment of the Deferred Interest.

(iii) Upon termination of any Deferral Period and upon the payment of all Deferred Interest (together with any compounded interest thereon, if any, to the extent permitted by applicable law), the Company may elect to begin a new Deferral Period pursuant to clause (i) of this Section 2.1(g).

(iv) The Company shall give written notice to the Trustee and the Holders of the Debentures of its election to begin any Deferral Period on any Interest Payment Date at least one Business Day prior to the Regular Record Date for that Interest Payment Date. Notwithstanding the previous sentence, the Company's failure to pay any interest due within five Business Days after any Interest Payment Date occurring prior to the First Stock Purchase Date shall

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automatically and without any further action by any Person be deemed to commence a Deferral Period.

(v) The restrictions in clause (i) of this Section 2.1(g) do not apply to (a) purchases, redemptions or other acquisitions of shares of the Company's Capital Stock in connection with (1) any Employee Benefit Plan or the Assurance Agreement or (2) a dividend reinvestment, stock purchase plan or other similar plan, (b) any exchange or conversion of any class or series of the Company's Capital Stock (or the Capital Stock of any Subsidiary) for any class or series of the Company's Capital Stock or of any class or series of Indebtedness of the Company for any class or series of the Company's Capital Stock, (c) the purchase of fractional interests in shares of the Capital Stock of the Company in accordance with the conversion or exchange provisions of the Company's Capital Stock or the security or instrument being converted or exchanged, (d) any declaration of a dividend in connection with any stockholders' rights plan, or the issuance of rights, equity securities or other property under any stockholders' rights plan, or the redemption or repurchase of rights in accordance with any stockholders' rights plan, (e) any dividend in the form of equity securities, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such equity securities, (f) any payment during a Deferral Period of current or deferred interest in respect of any debt securities of the Company that rank *pari passu* with the Debentures that is made *pro rata* to the amounts due on *pari passu* securities and the Debentures, (g) any payments of deferred interest or principal on such *pari passu* securities that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* securities, (h) the repurchase of any debt securities of the Company that rank *pari passu* with the Debentures in exchange for Capital Stock in connection with a failed remarketing or similar event, any payment of deferred interest on any such debt securities in the form of additional debentures that will rank *pari passu* with the Debentures and the repayment of any such additional debentures at maturity or (i) any repayment or redemption of a security necessary to avoid a breach of the instrument governing that security.

(h) Events of Default. After the First Stock Purchase Date, the Debentures shall be entitled to the benefits of the Events of Default set forth in Section 501 of the Indenture. Until the First Stock Purchase Date, the following events shall be Events of Default with respect to the Debentures (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article Fourteen of the Indenture or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

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(1) default in the payment of interest, including compounded interest, in full in cash or Additional Debentures on any Debenture for a period of 30 days after the First Stock Purchase Date;

(2) default in the payment of the principal of any Debenture at the final stated maturity or upon a call for redemption pursuant to Section 2.1(i); or

(3) the events set forth in Section 501(5) and (6) of the Indenture.

(i) Redemption. The Debentures shall be redeemable in accordance with Article Eleven of the Indenture. Subject to Section 2.2(a)(ii), at any time on or after February 15, 2013, the Company may redeem, at its option, the Debentures, in whole or in part, at a price equal to the greater of their principal amount and the Make-Whole Redemption Price, plus, in either case, accrued and unpaid interest, if any, to the Redemption Date.

(j) Sinking Fund. Article Twelve shall not apply to the Debentures.

(k) Subordination. The Debentures shall at all times prior to the Remarketing Settlement Date, if any, be subject to Article Fourteen of the Indenture, subject to the following modifications:

(i) For purposes of the Debentures, the “or” before clause (iii) of the definition of Senior Debt in the Indenture is deleted, the following clauses are added to the definition of Senior Debt in the Indenture after the word “contracts,” in clause (iii) for purposes of the Debentures:

“, (iv) any subordinated or junior subordinated debt that by its terms is not expressly *pari passu* or subordinated to the Debentures, (v) any Guarantee of any indebtedness, obligation or security issued by any Person that is an Affiliate of the Company and such Person is viewed by the Company as a vehicle to finance its operations, and (vi) Indebtedness of the Company to its Subsidiaries”; and

(ii) For purposes of the Debentures, the following provision is added to the end of the definition of Senior Debt in the Indenture after the word “Securities”: “*provided* that (a) trade accounts payable and accrued liabilities arising in the ordinary course of the Company’s business, (b) the Company’s 6.25% Series A-1 Junior Subordinated Debentures, 5.75% Series A-2 Junior Subordinated Debentures, 4.875% Series A-3 Junior Subordinated Debentures, 6.45% Series A-4 Junior Subordinated Debentures, 7.70% Series A-5 Junior Subordinated Debentures and the

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Other Debentures and (c) any other indebtedness, Guarantee or other obligation that is specifically designated as being subordinate, or not superior, in right of payment to the Debentures, shall not be considered Senior Debt”.

(iii) For purposes of the Debentures, the provisions of Section 1404 of the Indenture shall only apply in the case where (A) there has been an event of default with respect to Senior Debt within the meaning of clause (i) of the definition of Senior Debt, (B) the principal amount of such Senior Debt has been accelerated, (C) the outstanding principal amount of Senior Debt at the time of acceleration is at least \$100,000,000 and (D) the event of default or acceleration has not been cured, waived, or otherwise ceased to exist. In no other case and to no other Senior Debt shall Section 1404 apply.

(iv) The Debentures shall rank *pari passu* with the Company’s 6.25% Series A-1 Junior Subordinated Debentures, 5.75% Series A-2 Junior Subordinated Debentures, 4.875% Series A-3 Junior Subordinated Debentures, 6.45% Series A-4 Junior Subordinated Debentures, 7.70% Series A-5 Junior Subordinated Debentures and the Other Debentures.

(l) Registrar, Paying Agent, Authenticating Agent and Place of Payment. The Company hereby appoints The Bank of New York as Security Registrar, Authenticating Agent and Paying Agent with respect to the Debentures. The Debentures may be surrendered for registration of transfer and for exchange without service charge, but upon payment of any taxes on other governmental charges payable in connection with such registration of transfer or exchange, at the office or agency of the Company maintained for such purpose in The City of New York, New York and at any other office or agency maintained by the Company for such purpose. The Place of Payment for the Debentures shall be the Paying Agent’s office in New York, New York. Principal and interest with respect to the Debentures will be payable, the transfer of the Debentures will be registrable and Debentures will be exchangeable for debentures of a like aggregate principal amount in denominations of \$1,000 and integral multiples of \$1,000, at the office of the Paying Agent.

(m) Defeasance. After the First Stock Purchase Date, the Debentures will be subject to Sections 1302 and 1303 of the Indenture unless the Company makes the election set forth in Section 2.2(a)(iii).

(n) Redemption at Holders’ Option. If there is a Failed Remarketing, each Holder of Debentures that are Separate Debentures will have the right to require the Company to redeem all or a portion of its Separate Debentures, but excluding any Additional Debentures, on the First Stock Purchase Date (the “Put Right”). Such right will be exercisable only upon delivery of notice to the Trustee

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on or prior to 11:00 a.m., New York City time, on the second Business Day prior to the First Stock Purchase Date (a “Put Notice”). A Put Notice shall be irrevocable. If a Put Notice shall have been duly given, the Separate Debentures to which the Put Notice relates shall become due and payable on the First Stock Purchase Date, and the Company shall redeem, such Debentures for a Redemption Price per Debenture equal to 100% of their principal amount. Accrued and unpaid interest on such Debenture to such date of redemption shall be paid to the Holders of such Debentures on the Record Date therefor. Section 1105 of the Indenture shall apply to any redemption pursuant to this Section 2.1(n), and Section 1107 of the Indenture shall apply to any Separate Debenture redeemed in part.

(o) Modification. No supplemental indenture shall, without the consent of the Holder of each Outstanding Debenture, modify or amend Section 2.1(n) or Section 2.1(p) in any respect materially adverse to the Holder.

(p) Remarketing and Reset Rate Mechanics.

(i) Obligation to Conduct Remarketing and Related Requirements.

(i) The Company and the Purchase Contract Agent shall appoint a nationally recognized investment banking firm as Remarketing Agent and enter into a Remarketing Agreement at least 30 days prior to the Remarketing Period Start Date. The Remarketing Agreement shall include such terms, conditions and other provisions as the Company, the Purchase Contract Agents and the Remarketing Agent may agree among themselves but shall in any event include provisions to substantially the following effect:

(1) The Remarketing Agents will use their commercially reasonable efforts to obtain a price for the Debentures to be remarketed in the Remarketing which results in proceeds, net of the Remarketing Agents’ Fee, equal to at least 100% of the sum of the Treasury Portfolio Purchase Price and the Separate Debentures Purchase Price;

(2) The Remarketing Agent will in consultation with the Company reset the Coupon Rate on the Debentures (as a rate *per annum* for payment of interest on each applicable Interest Payment Date) or establish the Reset Spread in order to give effect to clause (1) above for Interest Periods or portions thereof commencing on or after the Remarketing Settlement Date;

(3) The Remarketing Agents will deduct the Remarketing Agents’ Fee from the proceeds of the Remarketing and remit any Proceeds remaining after such deduction to or at the direction of the Collateral

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Agent and the Custodial Agent in accordance with the Pledge Agreement; and

(4) On any day in a Remarketing Period other than the last five Business Days of such Remarketing Period, the Company may, in its absolute discretion (and without prior notice being given to Holders of Debentures or of the Equity Units), postpone the Remarketing until the following Business Day by giving notice of such postponement to the Remarketing Agents in accordance with the Remarketing Agreement.

(ii) The Company and the Purchase Contract Agent shall use their commercially reasonable efforts to effect Remarketing of the Debentures as described in this Section 2.1(p). If in the judgment of counsel to the Company or to the Remarketing Agents it is necessary for a Registration Statement covering the Debentures to have been filed and have become effective under the Securities Act in order to effect the Remarketing, then the Company and the Purchase Contract Agent shall use their commercially reasonable efforts (i) to ensure that a Registration Statement covering the full principal amount of Debentures to be remarketed shall have become effective in a form that will enable the Remarketing Agents to rely on it in connection with the Remarketing or (ii) effect such Remarketing pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements under the Securities Act.

(ii) Reset of Coupon Rate in Connection with Remarketing.

(i) As part of and in connection with the Remarketing, the Remarketing Agents shall, as contemplated by Section 2.1(p)(i)(2) and in accordance with the other provisions of this Section 2.1(p), (A) reset the Coupon Rate to a new rate (the "Reset Rate"), or (B) if the Company shall have made the election set forth in Section 2.2(a)(iii), establish the reset spread (the "Reset Spread"), rounded to the nearest one-thousandth (0.001) of one percent *per annum*, that will apply to all Debentures (whether or not the Holders thereof participated in the Remarketing) if such Remarketing is Successful for each Interest Period or portion thereof commencing on or after the Remarketing Settlement Date.

(ii) If the Remarketing has been determined to be Successful in accordance with Section 2.1(p)(iii)(v), by approximately 4:30 p.m., New York City time, on any Remarketing Date, the Remarketing Agent shall notify the Company, the Purchase Contract Agent and the Trustee that the Remarketing was Successful and the Reset Rate or Reset Spread, as the case may be, determined as part of such Remarketing in accordance with this Section 2.1(p).

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(iii) If a Remarketing is Successful, then commencing with the related Remarketing Settlement Date, (A) the Coupon Rate shall be reset to the Reset Rate or (B) if the Company shall have made the election set forth in Section 2.2(a)(iii), the Debentures shall bear interest at the Base Rate plus the Reset Spread, determined in accordance with this Section 2.1(p) pursuant to such Remarketing.

(iv) In the event of a Failed Remarketing:

(1) no Debentures will be sold in such Remarketing;

(2) the Coupon Rate and the Interest Payment Dates will remain unchanged;

(3) the Collateral Agent, for the benefit of the Company, will, at the written instruction of the Company, deliver or dispose of the Debentures that are included in Corporate Units in accordance with the Company's written instructions to satisfy in full, from any such disposition or retention, such Holders' obligations to pay the purchase price for the shares of Common Stock to be issued on the First Stock Purchase Date under the Stock Purchase Contracts underlying such Corporate Units; and

(4) in the case of Debentures that are Separate Debentures the Holders of which elected to participate in the Remarketing, such Debentures will be returned to the related Holders in accordance with the Pledge Agreement and the Holders will be entitled to exercise the Put Right.

(iii) Remarketing Procedures.

(i) The Company will (A) (x) give, or cause the Trustee to give on its behalf, the Holders of the Separate Debentures and (y) cause the Purchase Contract Agent to give the record holders of Equity Units notice of the Remarketing at least seven Business Days prior to the Remarketing Period Start Date, and (B) request, not later than seven nor earlier than 15 calendar days prior to the Remarketing Period Start Date (or if clause (2) below applies, not later than 15 or earlier than 21 calendar days prior to the Remarketing Period Start Date), that the Depositary notify its participants holding Debentures, Corporate Units or Treasury Units, of the Remarketing. Such notices will set forth:

(1) the Interest Payment Dates and Regular Record Dates that will apply after the Remarketing Settlement Date;

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- (2) the modifications to the terms of the Debentures, if any, effected pursuant to Section 2.2(a);
- (3) the procedures a beneficial owner must follow if it holds Debentures that are Separate Debentures to elect to participate in the Remarketing; and
- (4) the procedures a beneficial owner must follow to exercise its Put Right in the event such Remarketing is a Failed Remarketing if such beneficial owner holds Debentures that are Separate Debentures.

(ii) On the Remarketing Period Start Date, all outstanding Debentures included in Corporate Units will be tendered or be deemed tendered to the Remarketing Agent for Remarketing. Each Holder of Debentures included in Corporate Units, by purchasing such Debentures agrees to have such Debentures remarketed on any Remarketing Date and authorizes the Remarketing Agent to take any and all action on its behalf necessary to effect the Remarketing.

(iii) Each Holder of Debentures that are Separate Debentures may elect to have such Holder's Debentures remarketed in the Remarketing in accordance with Section 5.02 of the Purchase Contract Agreement.

(iv) If the Remarketing on any Remarketing Date is Successful, then on the Remarketing Settlement Date the Collateral Agent shall deliver to the Remarketing Agent the Debentures included in the Corporate Units and the Custodial Agent shall deliver to the Remarketing Agent the Debentures the Holders of which have made the election referred to in clause (iii) above, and the Remarketing Agent shall deduct the Remarketing Agent's Fee to which it is entitled as provided in Section 2.1(p)(i) from the proceeds of such Remarketing and remit the remaining proceeds in accordance with Section 2.1(p)(i)(3) for application as provided therein.

(v) If by 4:00 p.m., New York City time, on any Remarketing Date the Remarketing Agent has found buyers for all of the Debentures offered in the Remarketing in accordance with this Section 2.1(p), a Successful Remarketing shall be deemed to have occurred.

(vi) If, by 4:00 p.m., New York City time, on the last day of the Remarketing Period, the Remarketing Agent is unable to find buyers for all of the Debentures offered in the Remarketing in accordance with this Section 2.1(p), such Remarketing shall be deemed to be a "Failed Remarketing."

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(vii) The Company shall notify, or cause the Trustee to notify, the Holders of the Debentures of a Successful Remarketing promptly following the Remarketing Settlement Date, and shall cause a notice of any Failed Remarketing to be published on the Business Day following the last day of the Remarketing Period, by publication in a daily newspaper in the English language of general circulation in New York City, which is expected to be *The Wall Street Journal*.

(viii) The right of each Holder (whether of Separate Debentures or of Debentures included in Corporate Units) to have its Debentures remarketed and sold in connection with any Remarketing shall be limited to the extent that (i) the Remarketing Agents conduct a Remarketing pursuant to the terms of the Remarketing Agreement, (ii) the Remarketing Agents are able to find a purchaser or purchasers for the Debentures offered in the Remarketing in accordance with this Section 2.1(p) and the Remarketing Agreement, and (iii) the purchaser or purchasers deliver the purchase price therefor to the Remarketing Agent as and when required.

(ix) Neither the Company nor the Remarketing Agents shall be obligated in any case to provide funds to make payment upon tender of Debentures for Remarketing.

#### **Section 2.2 Company's Election to Change Certain Terms**

(a) The Company may, without the consent of any Holders of Debentures, in consultation with the Remarketing Agents, elect at any time at least 30 days prior to the Remarketing Period Start Date, but on one occasion only:

(i) to change the maturity of principal of the Debentures to a date that is earlier than February 15, 2041; *provided, however*, that the maturity of principal of the Debentures may not be changed to a date earlier than February 15, 2013;

(ii) to change the terms of the Debentures to eliminate the Company's right to redeem the Debentures at its option or to specify a date, which may not be earlier than February 15, 2013, on and after which the Debentures will be redeemable at the Company's option either in whole or in part (as elected by the Company) or to modify the definition of "Make-Whole Redemption Price" or to provide that the Redemption Price shall be equal to the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest to the Redemption Date; or

(iii) to provide that the Debentures shall bear interest at a floating rate equal to the applicable index (the "Base Rate") plus a Reset Spread to be determined in accordance with Section 2.1(p), in which case the Company may

SIXTH SUPPLEMENTAL INDENTURE

also elect to modify the business day and day count conventions set forth in Section 2.1(e) to conform to market practice for floating-rate debentures bearing interest at a rate determined by reference to such index.

(b) The Company shall make the elections provided for in Section 2.2(a), as applicable, by giving irrevocable written notice of such elections to the Trustee. Any election under Sections 2.2(a)(i) and 2.2(a)(ii) shall be effective when made, and any such election under Section 2.2(a)(iii) shall be effective on the Remarketing Settlement Date.

(c) In the case of a Successful Remarketing, on or after the Remarketing Settlement Date the Debentures will cease to be subordinated and the provisions of Section 2.1(k) shall not apply. In the case of a Failed Remarketing, the Debentures will remain subordinated to Senior Debt and Section 2.1(k) will continue to apply.

### **Section 2.3 Tax Treatment**

(a) The Company agrees, and by acceptance of a Corporate Unit, each holder of a Corporate Unit will be deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such holder) (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of the applicable ownership interest in the Debenture and the Other Debentures and the Stock Purchase Contract constituting the Corporate Unit, (2) to treat the Debenture as indebtedness for United States federal, state and local income and franchise tax purposes, (3) if such holder purchased the Corporate Unit in the initial offering for \$75, to allocate \$25 to the undivided beneficial ownership interests in the Debenture and each Other Debenture and \$0 to the Stock Purchase Contract included in a Corporate Unit, and (4) to treat the Debenture as a "variable rate debt instrument" for U.S. federal income tax purposes.

(b) Any payment (including cash or property) and original issue discount under the terms of this Sixth Supplemental Indenture shall be subject to withholding and backup withholding of tax as required by law. Any such withholding and backup withholding shall be treated as if made to the intended recipient in full compliance with the terms hereof.

## **ARTICLE THREE**

### **MISCELLANEOUS**

#### **Section 3.1 Relationship to Existing Indenture**

The Sixth Supplemental Indenture is a supplemental indenture within the meaning of the Indenture. The Indenture, as supplemented and amended by this Sixth

SIXTH SUPPLEMENTAL INDENTURE



Supplemental Indenture, is in all respects ratified, confirmed and approved and, with respect to the Debentures, the Indenture, as supplemented and amended by this Sixth Supplemental Indenture, shall be read, taken and construed as one and the same instrument.

**Section 3.2 Modification of the Existing Indenture**

Except as expressly modified by this Sixth Supplemental Indenture, the provisions of the Indenture shall govern the terms and conditions of the Debentures.

**Section 3.3 Governing Law**

This instrument shall be governed by and construed in accordance with the laws of the State of New York.

**Section 3.4 Counterparts**

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

**Section 3.5 Trustee Makes No Representation**

The recitals contained herein are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Sixth Supplemental Indenture (except for its execution thereof and its certificates of authentication of the Debentures).

SIXTH SUPPLEMENTAL INDENTURE

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Supplemental Indenture to be duly executed all as of the day and year first above written.

AMERICAN INTERNATIONAL GROUP, INC.

By /s/ Robert A. Gender

Name: Robert A. Gender

Title: Vice President and Treasurer

THE BANK OF NEW YORK,

*as Trustee*

By /s/ Sherma Thomas

Name: Sherma Thomas

Title: Assistant Treasurer

SIXTH SUPPLEMENTAL INDENTURE

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[Include if this Security is a Global Security — THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**AMERICAN INTERNATIONAL GROUP, INC.  
5.67% SERIES B-1 JUNIOR SUBORDINATED DEBENTURES**

No.  
\$

CUSIP No.: 026874 BN6  
ISIN: US026874BN67

American International Group, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the “Company”, which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars (\$) [Include in Global Security and in Pledged Debenture — the principal sum as set forth on the Schedule of Increases or Decreases in Security attached hereto, which shall not exceed [ ] on February 15, 2041, and to pay interest on said principal sum from May 16, 2008 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, subject to deferral as set forth herein, in arrears at a rate (i) of 5.67% *per annum* on February 1, May 1, August 1 and November 1 (each such date, an “Interest Payment Date”), commencing August 1, 2008, to but not including the earlier of the repayment of the outstanding principal amount of this Security and the Remarketing Settlement Date, (ii) if there is a Failed Remarketing, on February 15, 2011 for the period from and including February 1, 2011 to but excluding February 15, 2011 and (iii) if the Remarketing Settlement Date occurs, equal to the Reset Rate from and including the Remarketing Settlement Date, on each February 1 and August 1, or if the Company has elected that this Security will bear interest at a floating rate after the Remarketing Settlement Date, equal to the Base Rate *plus* the Reset Spread, on each February 1, May 1, August 1 and November 1, subject to adjustment as provided herein, commencing with the first such date to occur after the Remarketing Settlement Date, until

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the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate *per annum* compounded on each Interest Payment Date. The amount of interest payable on any Interest Payment Date shall, except as provided herein, be computed (i) for any full quarterly or semi-annual period on the basis of a 360-day year comprised of twelve 30-day months, (ii) for any period shorter than a full quarterly or semi-annual period, on the basis of a 30-day month and, for (iii) any period less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay). The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the Regular Record Date for such interest installment, which shall be the close of business on the 15<sup>th</sup> day of the month prior to the month in which the Interest Payment Date falls, or on February 1, 2011 in the case of the Interest Payment Date, if any, that falls on February 15, 2011, whether or not a Business Day or such other date as the Company may specify. Any such interest installment not punctually paid or duly provided for (other than Deferred Interest) shall forthwith cease to be payable to the registered Holders on such Regular Record Date and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such Defaulted Interest, notice whereof shall be given to the registered Holders of this series of Securities not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Until the Remarketing Settlement Date, if any, the indebtedness evidenced by this Security is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior Debt of the Company, and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by, such provisions, (b) authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his or her attorney-in-fact for any and all such purposes. Each Holder hereof, by his or her acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Debt of the Company, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

The Company shall have the right, at any time and from time to time, prior to February 15, 2011 to defer the payment of interest on this Security for one or more consecutive Interest Periods as described on the reverse hereof. The Company shall give

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written notice to the Trustee and the Holders of this Security of its election to begin any Deferral Period at least one Business Day prior to the Regular Record Date for that Interest Payment Date, *provided, however*, that the Company's failure to pay any interest due within five Business Days after any Interest Payment Date occurring prior to the First Stock Purchase Date shall automatically and without any further action by any Person be deemed to commence a Deferral Period.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer of immediately available funds to an account designated by the Holder of this Security.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

AMERICAN INTERNATIONAL GROUP, INC.

By: \_\_\_\_\_

Name:

Title:

Attest:

\_\_\_\_\_  
[Secretary or Assistant Secretary]

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

THE BANK OF NEW YORK, as Trustee

By: \_\_\_\_\_

Name:

Title:

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(SIGNATURE PAGE FOR SECURITY)

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**REVERSE OF SECURITY**

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under a Junior Subordinated Debt Indenture, dated as of March 13, 2007 (herein called the “Base Indenture”), as supplemented by a Sixth Supplemental Indenture, dated as of May 16, 2008 (herein called the “Sixth Supplemental Indenture” and, together with the Base Indenture, the “Indenture”), in each case, between the Company and The Bank of New York, as Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Debt and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof limited in aggregate principal amount to \$1,960,000,000 (except for Securities authenticated and delivered upon registration or transfer of, or exchange for, or in lieu of, other Securities pursuant to Section 304, 305, 306, 906 or 1107 of the Base Indenture or 2.1(n) or 2.1(p) of the Sixth Supplemental Indenture).

All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Securities of this series are subject to redemption on or after February 15, 2013, in whole or in part, upon not less than 30 days nor more than 60 days’ prior notice by first class mail, postage pre-paid, to each Holder of Securities to be redeemed, at a Redemption Price equal to the greater of 100% of the principal amount thereof and the Make-Whole Redemption Price, plus, in either case, accrued and unpaid interest, if any, to the Redemption Date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor and of an authorized denomination for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Company may elect at any time at least 30 days prior to the Remarketing Period Start Date, but on one occasion only:

(i) to change the maturity of principal of this Security to a date that is earlier than February 15, 2041; *provided, however*, that the maturity of principal of this Security may not be changed to a date earlier than February 15, 2013;

(ii) to change the terms of this Security to eliminate the Company’s right to redeem this Security at its option or to specify a date that may not be earlier than February 15, 2013 on and after which this Security will be redeemable at the Company’s option either in whole or in part (as elected by the Company) or to modify the definition of Make-Whole Redemption Price or to provide that the

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Redemption Price shall be equal to the principal amount of this Security to be redeemed, plus accrued and unpaid interest to the Redemption Date; or

(iii) to provide that this Security shall bear interest at a floating rate equal to the applicable index plus a Reset Spread determined in accordance with Section 2.1(p) of the Sixth Supplemental Indenture, in which case the Company may also elect to modify the business day and day count conventions set forth in Section 2.1(e) of the Sixth Supplemental Indenture to conform to market practice for floating-rate debentures bearing interest at a rate determined by reference to such index.

The elections set forth in clauses (i) and (ii) of the preceding paragraph shall become effective immediately upon the Trustee's receipt of such notice and the election set forth in clause (iii) above shall become effective on the Remarketing Settlement Date.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of each series affected at the time Outstanding, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities; *provided, however*, that, except as provided above and in the Sixth Supplemental Indenture, no such supplemental indenture shall (i) extend the fixed maturity of any Securities of any series, or reduce the principal amount thereof, reduce the rate or extend the time of payment of interest thereon, reduce any premium payable upon the redemption thereof, modify the right of Holders of Securities that are Separate Debentures to require the Company to purchase such Securities upon a Failed Remarketing, or modify the provisions of the Indenture relating to the Remarketing of the Securities, without the consent of the Holder of each Security so affected, or (ii) reduce the aforesaid percentage of Securities the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of each Security then outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding affected thereby, on behalf of all of the Holders of the Securities of such series, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture with respect to such series, and its consequences, except a default in the payment of the principal of or premium, if any, or interest (subject to the Company's right to defer interest payments) on any of the Securities of such series. Any such consent or waiver by the registered Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and of any Security issued in exchange herefor or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Security.

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No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest (subject to the Company's right to defer interest payments) on this Security at the time and place and at the rate and in the money herein prescribed.

The Company shall have the right, at any time and from time to time prior to February 15, 2011, to defer the payment of interest on the Securities for one or more consecutive Interest Periods; *provided* that no Deferral Period shall extend beyond February 15, 2011 (such interest referred to as "Deferred Interest"). Deferred Interest will accrue interest at the rate of 5.67% *per annum* compounded on each Interest Payment Date. The Company agrees that (A) until February 15, 2011, (x) if an Event of Default has occurred and is continuing, (y) the Company has given notice of its election to defer interest payments but the Deferral Period has not yet commenced or (z) a Deferral Period is continuing, (B) the Company has given notice of its election to defer Contract Adjustment Payments but the related deferral period has not yet commenced or a deferral period is continuing with respect to such Contract Adjustment Payments, or (C) Additional Debentures are outstanding, the Company shall not, and shall not permit any Subsidiary, subject to the exceptions specified below, to: (a) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any Capital Stock of the Company, (b) make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any debt securities of the Company that rank *pari passu* with, or junior to, this Security or (c) make any payments with respect to any Guarantee by the Company of securities of any Subsidiary if such Guarantee ranks *pari passu* with, or junior to, this Security. The Company may pay Deferred Interest (together with compounded interest thereon, if any, to the extent permitted by applicable law) to the Holder at any time either in the form of cash or in the form of Additional Debentures having a principal amount equal to the amount of accrued but unpaid Deferred Interest on the date of issuance and maturing on the later of August 1, 2014 and the date five years after the date of commencement of the Deferral Period; *provided, however*, that the Company must pay any accrued but unpaid Deferred Interest to the Holder either in the form of cash or in the form of Additional Debentures on the First Stock Purchase Date, whether or not such Holder participates in the Remarketing. Deferred Interest paid on any Interest Payment Date shall be payable to the Person in whose name the Debentures are registered at the close of business on the Regular Record Date next preceding such Interest Payment Date, *provided* that the Company may establish a Special Record Date for any Deferred Interest to be paid on a date other than an Interest Payment Date and Holders on that Special Record Date shall be entitled to payment of the Deferred Interest. Upon termination of any Deferral Period and upon the payment of all Deferred Interest and any compounded interest then due on any Interest Payment Date, the Company may elect to begin a new Deferral Period.

The restrictions on payments do not apply to (a) purchases, redemptions or other acquisitions of shares of the Company's Capital Stock in connection with (1) any Employee Benefit Plan or the Assurance Agreement or (2) a dividend reinvestment, stock

SERIES B-1 DEBENTURE

purchase plan or other similar plan, (b) any exchange or conversion of any class or series of the Company's Capital Stock (or the Capital Stock of any Subsidiary) for any class or series of the Company's Capital Stock or of any class or series of Indebtedness of the Company for any class or series of the Company's Capital Stock, (c) the purchase of fractional interests in shares of the Capital Stock of the Company in accordance with the conversion or exchange provisions of the Company's Capital Stock or the security or instrument being converted or exchanged, (d) any declaration of a dividend in connection with any stockholders' right plan, or the issuance of rights, equity securities or other property under any stockholders' right plan, or the redemption or repurchase of rights in accordance with any stockholders' rights plan, (e) any dividend in the form of equity securities, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such equity securities, (f) any payment during a Deferral Period of current or deferred interest in respect of any debt securities of the Company that rank *pari passu* with the Debentures that is made *pro rata* to the amounts due on *pari passu* securities and the Debentures, (g) any payments of deferred interest or principal on such *pari passu* securities that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* securities, (h) the repurchase of any debt securities of the Company that rank *pari passu* with this Security in exchange for common stock in connection with a failed remarketing or similar event, any payment of deferred interest on any such debt securities in the form of additional debentures that will rank *pari passu* with this Security and the repayment of any such additional debentures at maturity or (i) any repayment or redemption of a security necessary to avoid a breach of the instrument governing that security.

After the First Stock Purchase Date, so long as this Security bears interest at a fixed rate of interest, this Security will be subject to defeasance of the entire indebtedness of this Security and of certain restrictive covenants and events of default, in each case upon compliance with certain conditions set forth in the Indenture.

After the First Stock Purchase Date, the Securities of this series will be entitled to the benefits of the Events of Default described in the Base Indenture. Until the First Stock Purchase Date, the Securities of this series are entitled to the Events of Default specified in the Sixth Supplemental Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default, as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time outstanding a direction inconsistent with such request, and shall have failed to

SERIES B-1 DEBENTURE

institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or, to the extent provided in Section 2.1(g) of the Sixth Supplemental Indenture, interest hereon on or after the respective due dates.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Company agrees, and by acceptance of a Corporate Unit, each holder of a Corporate Unit will be deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such holder) (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of the applicable ownership interest in this Security and the Other Debentures and the Stock Purchase Contract constituting the Corporate Unit, (2) to treat this Security as indebtedness for United States federal, state and local income and franchise tax purposes, (3) if such holder purchased the Corporate Unit in the initial offering for \$75, to allocate \$25 to the undivided beneficial ownership interests in this Security and each Other Debenture and \$0 to the Stock Purchase Contract included in a Corporate Unit, and (4) to treat this Security as a "variable rate debt instrument" for U.S. federal income tax purposes.

SERIES B-1 DEBENTURE

THE BASE INDENTURE, THE SIXTH SUPPLEMENTAL INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SERIES B-1 DEBENTURE

### ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM: as tenants in common

UNIF GIFT MIN ACT: \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

TEN ENT: as tenants by the entireties

JT TEN: as joint tenants with right of survivorship and not as tenants in common

Under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

SERIES B-1 DEBENTURE



**[TO BE ATTACHED TO GLOBAL CERTIFICATES AND PLEDGED  
DEBENTURES]**

**SCHEDULE OF INCREASES OR DECREASES IN SECURITY**

The initial principal amount of Securities represented by this [Global] Security is \$ . The following increases or decreases in this [Global] Security have been made:

Date	Amount of increase in principal amount of this Security	Amount of decrease in principal amount of this Security	Principal amount of this Security following such decrease or increase	Signature of authorized signatory of [Security Registrar] [Collateral Agent]

SERIES B-1 DEBENTURE

AMERICAN INTERNATIONAL GROUP, INC.

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**Seventh Supplemental Indenture**

*Dated as of May 16, 2008*

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(Supplemental to the Junior Subordinated Debt Indenture Dated as of March 13, 2007)

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THE BANK OF NEW YORK,  
*as Trustee*

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SEVENTH SUPPLEMENTAL INDENTURE, dated as of May 16, 2008, between American International Group, Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), and The Bank of New York, a New York banking corporation, as Trustee (herein called "Trustee");

R E C I T A L S:

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Junior Subordinated Debt Indenture, dated as of March 13, 2007 (the "Indenture"), providing for the issuance from time to time of the Company's unsecured debentures, notes or other evidences of indebtedness (herein and therein called the "Securities"), to be issued in one or more series as provided in the Indenture;

WHEREAS, Section 901 of the Indenture permits the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form and terms of a series of Securities;

WHEREAS, Section 201 of the Indenture permits the form of Securities of a series to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 301 of the Indenture permits certain terms of a series of Securities to be established pursuant to an indenture supplemental to the Indenture;

WHEREAS, pursuant to Sections 201 and 301 of the Indenture, the Company desires to provide for the establishment of a new series of Securities under the Indenture, the form and substance of such Securities and the terms, provisions and conditions thereof to be set forth as provided in the Indenture and this Seventh Supplemental Indenture;

WHEREAS, all things necessary to make this Seventh Supplemental Indenture a valid agreement of the Company, in accordance with its terms, have been done;

WHEREAS, the Corporate Units will include as a component the Debentures (as hereinafter defined);

WHEREAS, the Debentures are entitled to the benefit of a Remarketing Agreement, dated as of the date hereof, among the Company, the Purchase Contract Agent (as hereinafter defined) and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Remarketing Agents;

NOW, THEREFORE, THIS SEVENTH SUPPLEMENTAL INDENTURE WITNESSETH:

SEVENTH SUPPLEMENTAL INDENTURE

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For and in consideration of the premises and the purchase of the Securities of the series established by this Seventh Supplemental Indenture by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all such Holders, as follows:

**ARTICLE ONE**  
**DEFINITIONS AND OTHER PROVISIONS**  
**OF GENERAL APPLICATION**

**Section 1.1 Relation to Indenture**

This Seventh Supplemental Indenture constitutes a part of the Indenture (the provisions of which, as modified by this Seventh Supplemental Indenture, shall apply to the Debentures) in respect of the Debentures but shall not modify, amend or otherwise affect the Indenture insofar as it relates to any other series of Securities or modify, amend or otherwise affect in any manner the terms and conditions of the Securities of any other series.

**Section 1.2 Definitions**

For all purposes of this Seventh Supplemental Indenture, the capitalized terms used herein (i) which are defined in this Section 1.2 have the respective meanings assigned hereto in this Section 1.2 and (ii) which are defined in the Indenture (and which are not defined in this Section 1.2) have the respective meanings assigned thereto in the Indenture. For all purposes of this Seventh Supplemental Indenture:

1.2.1 Unless the context otherwise requires, any reference to an Article, Section or Annex refers to an Article or Section of, or Annex to, as the case may be, this Seventh Supplemental Indenture;

1.2.2 The words “herein”, “hereof” and “hereunder” and words of similar import refer to this Seventh Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;

1.2.3 The following terms have the meanings given to them in the Pledge Agreement (where applicable, with respect to the Debentures): Collateral Account; Collateral Agent; Custodial Agent, and Proceeds;

1.2.4 The following terms have the meanings given to them in the Purchase Contract Agreement (where applicable, with respect to the Debentures): Contract Adjustment Payments; Corporate Units; Equity Units; Purchase Contract Agent; Remarketing Period; Remarketing Settlement Date; Second Stock Purchase Date; Separate Debentures; Separate Debentures Purchase Price; Stock Purchase Contract; Stock Purchase Date; Treasury Portfolio Purchase Price, and Treasury Units.

SEVENTH SUPPLEMENTAL INDENTURE

1.2.5 The terms defined in this Section 1.2.5 have the meanings assigned to them in this Section and include the plural as well as the singular:

“Additional Debentures” means any debt securities issued pursuant to Section 5.11(c) of the Purchase Contract Agreement in respect of deferred Contract Adjustment Payments or pursuant to Section 2.1(g)(ii), and shall (a) bear interest at an annual rate equal to the then market rate of interest for similar instruments (not to exceed 10%), as determined by a nationally recognized investment banking firm selected by the Company, (b) rank *pari passu* with the Debentures, (c) provide for optional deferral on the same basis as the Debentures (d) be redeemable at the Company’s option at any time at their principal amount, plus accrued and unpaid interest thereon through their date of redemption and (e) be issued under the Indenture.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, the rate *per annum* equal to the yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Assurance Agreement” means the agreement of the Company, dated as of June 27, 2005, in favor of eligible employees and relating to specified obligations of Starr International Company, Inc. (as such agreement may be amended, supplemented, extended, modified or replaced from time to time).

“Base Rate” has the meaning set forth in Section 2.2(a)(iii).

“Business Day” is any day, other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed.

“Calculation Agent” means AIG Financial Products Corp., or any other Person appointed by the Company, acting as calculation agent for the Debentures. Any successor or substitute Calculation Agent may be an Affiliate of the Company.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) shares issued by that Person.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an independent investment bank selected by the Calculation Agent as having a maturity comparable to the term remaining from the Redemption Date to the Final Maturity Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity.

“Comparable Treasury Price” means, with respect to any Redemption Date, the average of the Reference Treasury Dealer Quotations for such Redemption Date.

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“Coupon Rate” means the interest rate payable on the Debentures as set forth herein.

“Debentures” has the meaning set forth in Section 2.1(a).

“Deferred Interest” has the meaning set forth in Section 2.1(g).

“Deferral Period” means each period beginning on an Interest Payment Date with respect to which the Company elects pursuant to Section 2.1(g) to defer all or part of any interest payment due on such Interest Payment Date and ending on the earlier of (i) the Second Stock Purchase Date and (ii) the next Interest Payment Date on which the Company has paid all accrued and previously unpaid interest on the Debentures.

“Employee Benefit Plan” means any written purchase, savings, option, bonus, appreciation, profit sharing, thrift, incentive, pension or similar plan or arrangement or any written compensatory contract or arrangement.

“Events of Default” has the meaning set forth in Section 2.1(h).

“Failed Remarketing” has the meaning set forth in Section 2.1(p)(iii).

“Final Maturity Date” means the earlier of May 1, 2041 and the maturity date specified by the Company pursuant to Section 2.2(a)(i).

“Indebtedness” means all indebtedness and obligations (other than the Debentures) of, or Guaranteed or assumed by, the Company that (i) are for borrowed money or (ii) are evidenced by bonds, debentures, notes or other similar instruments.

“Initial Interest Rate” has the meaning set forth in Section 2.1(e).

“Interest Payment Date” has the meaning set forth in Section 2.1(e).

“Interest Period” means the period from and including any Interest Payment Date (or, in the case of the first Interest Payment Date, May 16, 2008) to but excluding the next succeeding Interest Payment Date.

“Make-Whole Redemption Price” means the sum, as determined by the Calculation Agent, of the present values, determined in accordance with customary financial practice, of the remaining scheduled payments of principal discounted from the Final Maturity Date and interest thereon that would have been payable to and including the Final Maturity Date (not including any portion of such payments of interest accrued to the Redemption Date) discounted from the relevant Interest Payment Date to the Redemption Date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus 0.25%.

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“Other Debentures” means each of the series of Securities issued under the Sixth Supplemental Indenture to the Indenture and the Eighth Supplemental Indenture to the Indenture, each dated as of the date hereof, and each between the Company and the Trustee.

“pari passu”, as applied to the ranking of any obligation of a Person in relation to any other obligation of such Person, means in any bankruptcy, insolvency or receivership proceeding that each such obligation either (i) is not subordinated or junior in right of payment to any other obligation or (ii) is subordinate or junior in right of payment to the same obligations as is the other, and is so subordinate or junior to the same extent, and is not subordinate or junior in right of payment to each other or to any obligation as to which the other is not so subordinate or junior.

“Pledge Agreement” means the Pledge Agreement, dated as of May 16, 2008, among the Company, Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent, as it may be amended from time to time.

“Purchase Contract Agreement” means the Purchase Contract Agreement, dated as of May 16, 2008, between the Company and The Bank of New York, as Purchase Contract Agent, as it may be amended from time to time.

“Put Notice” has the meaning set forth in Section 2.1(n).

“Put Right” has the meaning set forth in Section 2.1(n).

“Reference Treasury Dealer” means each of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., or their respective successors; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a “Primary Treasury Dealer”), the Company shall substitute therefor another Primary Treasury Dealer; and any other Primary Treasury Dealer selected by the Calculation Agent after consultation with the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Calculation Agent, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by that Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such Redemption Date.

“Regular Record Date” for the payment of any current interest payable on any Interest Payment Date, the date specified in Section 2.1(f) and for the payment of Deferred Interest, the date specified in Section 2.1(g)(ii).

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“Remarketing” means a remarketing of Debentures pursuant to Section 2.1(p) and the Remarketing Agreement.

“Remarketing Agents” means the Remarketing Agents and any successor or replacement remarketing agents appointed by the Company pursuant to Section 2.1(p).

“Remarketing Agents’ Fee” means 0.25% of the sum of the Treasury Portfolio Purchase Price and the Separate Debentures Purchase Price.

“Remarketing Agreement” means the remarketing agreement entered into among the Company, the Purchase Contract Agent and the Remarketing Agents pursuant to Section 2.1(p).

“Remarketing Date” means any day during a Remarketing Period on which the Remarketing Agent finds buyers for all of the Debentures offered in the Remarketing by 4:00 p.m., New York City time.

“Remarketing Period Start Date” means the first day of the Remarketing Period.

“Reset Rate” has the meaning set forth in Section 2.1(p).

“Reset Spread” has the meaning set forth in Section 2.1(p).

“Successful” means, as to a Remarketing, that the Remarketing is conducted in accordance with Section 2.1(p) and the Remarketing Agent finds buyers for all of the Debentures offered in the Remarketing no later than 4:00 p.m., New York City time, on the last day of the Remarketing Period.

## ARTICLE TWO

### GENERAL TERMS AND CONDITIONS OF THE DEBENTURES

#### Section 2.1 Terms of Debentures

Pursuant to Sections 201 and 301 of the Indenture, there is hereby established a series of Securities, the terms of which shall be as follows:

(a) Designation. The Securities of this series shall be known and designated as the “5.82% Series B-2 Junior Subordinated Debentures” of the Company (the “Debentures”). The CUSIP number of the Debentures is 026874 BP1.

(b) Aggregate Principal Amount. The maximum aggregate principal amount of the Debentures that may be authenticated and delivered under the Indenture and this Seventh Supplemental Indenture is \$1,960,000,000 (except for

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Debentures authenticated and delivered upon registration of transfer of, or exchange for, or in lieu of, other Debentures pursuant to Section 304, 305, 306, 906 or 1107 of the Indenture or 2.1(n) or 2.1(p) of this Seventh Supplemental Indenture).

(c) **Form and Denominations.** (i) The Debentures will initially be issued in the form of one or more Securities substantially in the form of Annex A, with such modifications thereto as may be approved by the officer executing the same. The Debentures will be denominated in U.S. dollars and payments of principal and interest will be made in U.S. dollars. Except as provided for in Section 2.1(c)(ii), the Debentures will be issued only in fully registered certificated form without coupons, and the authorized denominations of the Debentures shall be \$1,000 and integral multiples of \$1,000 in excess thereof. Debentures that are components of Corporate Units shall be registered in the name of The Bank of New York, as Purchase Contract Agent. Principal and interest on the Debentures will be payable, the transfer of such Debentures will be registrable, and such Debentures will be exchangeable for Debentures of a like aggregate principal amount bearing identical terms and provisions, at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, New York City, which shall initially be the Corporate Trust Office of the Trustee, *provided, however*, that payment of interest may be made, at the option of the Company, by check mailed to the Holder at such address as shall appear in the Security Register or by wire transfer to an account appropriately designated by the Holder entitled to payment. No service charge shall be made for any registration of transfer or exchange of any Debentures, but the Company may require payment from the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(ii) If any Debenture is no longer a component of the Corporate Unit and released from the Collateral Account, the Company, at its election, may issue one or more certificates, in form of a Global Security to represent such Debenture and any other Debentures that cease to be a component of Corporate Units and are released from the Collateral Account. If issued as one or more Global Securities, the Depository shall be The Depository Trust Company or such other depository as any officer of the Company may from time to time designate. Upon the creation of Treasury Units or the recreation of Corporate Units, an appropriate annotation shall be made on the Schedule of Increases and Decreases on the Global Securities held by the Depository and on the Schedule of Increases and Decreases on the Debenture held by the Collateral Agent. The Global Securities will be subject to the provisions of Section 305 of the Indenture and bear the legend in Section 204 of the Indenture; *provided, however*, that notwithstanding clause (2) of Section 305 of the Indenture, the Global Securities may be exchanged in whole or in part for Debentures registered in the name of the Purchase Contract Agent upon the recreation of Corporate Units in accordance

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with the Purchase Contract Agreement and Pledge Agreement. Payments with respect to Global Securities will be made by wire transfer to the Depository.

(d) Maturity. The principal amount of, and all accrued and unpaid interest on, the outstanding Debentures shall be payable in full on the Final Maturity Date.

(e) Rate of Interest. The Debentures shall bear interest (i) from and including May 16, 2008 to but excluding the earlier of their maturity date and the Remarketing Settlement Date at the rate of 5.82% *per annum* (the "Initial Interest Rate"), and (ii) from and including the Remarketing Settlement Date, at the Reset Rate. Interest on the Debentures shall be payable (i) quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, beginning on August 1, 2008 and (ii) after a Successful Remarketing, semi-annually in arrears on May 1 and November 1 at the Reset Rate, accruing from the Remarketing Settlement Date, unless the Company elects a Reset Rate that is a floating rate pursuant to Section 2.2(a)(iii) (each such date on which interest is to be paid, an "Interest Payment Date"). Except as provided in Section 2.1(p), the amount of interest payable on the Debentures for any period will be computed (i) for any full quarterly or semi-annual period on the basis of a 360-day year of twelve 30-day months and (ii) for any period shorter than a full quarterly or semi-annual period, on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. Except as provided in Section 2.1(p), in the event any Interest Payment Date falls on a day that is not a Business Day, the interest payment due on that date will be postponed to the next day that is a Business Day with the same force and effect as if made on such originally scheduled date and no interest shall accrue as a result of such postponement.

(f) To Whom Interest is Payable. Except as provided in Section 2.1(g)(ii) and as otherwise determined by the Company from time to time, interest (other than Deferred Interest which shall be payable to the Persons specified pursuant to Section 2.1(g)(ii)) shall be payable to the Person in whose name the Debentures are registered at the close of business on the 15<sup>th</sup> day of the month prior to the month in which the Interest Payment Date falls, whether or not a Business Day.

(g) Option to Defer Interest Payments. (i) The Company shall have the right, at any time and from time to time prior to the Second Stock Purchase Date, to defer the payment of interest on the Debentures for one or more consecutive Interest Periods; *provided* that no Deferral Period shall extend beyond the Second Stock Purchase Date (such interest referred to as "Deferred Interest"). Deferred Interest will, subject to applicable law, accrue interest at the Initial Interest Rate compounded on each Interest Payment Date. The Company agrees that (A) until the Second Stock Purchase Date, (x) if an Event of Default has

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occurred and is continuing, (y) the Company has given notice of its election to defer interest payments but the Deferral Period has not yet commenced or (z) a Deferral Period is continuing, (B) the Company has given notice of its election to defer Contract Adjustment Payments but the related deferral period has not yet commenced or a deferral period is continuing with respect to such Contract Adjustment Payments, or (C) Additional Debentures are outstanding, the Company shall not, and shall not permit any Subsidiary, subject to the exceptions specified in clause (v) of this Section 2.1(g), to: (a) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any Capital Stock of the Company, (b) make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any debt securities of the Company that rank *pari passu* with, or junior to, the Debentures (including the Other Debentures) or (c) make any payments with respect to any Guarantee by the Company of securities of any Subsidiary if such Guarantee ranks *pari passu* with, or junior to, the Debentures.

(ii) The Company may pay Deferred Interest pursuant to this Section 2.1(g) to the Holder at any time either in the form of cash or in the form of an Additional Debentures having a principal amount equal to the aggregate amount of accrued but unpaid Deferred Interest on the date of issuance and maturing on the later of August 1, 2014 and the date five years after the date of commencement of the Deferral Period; *provided, however*, that the Company must pay any accrued but unpaid Deferred Interest to the Holder either in the form of cash or in the form of Additional Debentures on the Second Stock Purchase Date, whether or not such Holder participates in the Remarketing. Deferred Interest paid on any Interest Payment Date shall be payable to the Person in whose name the Debentures are registered at the close of business on the Record Date next preceding such Interest Payment Date, *provided* that the Company shall establish a Special Record Date for any Deferred Interest to be paid on a date other than an Interest Payment Date and Holders on that Special Record Date shall be entitled to payment of the Deferred Interest.

(iii) Upon termination of any Deferral Period and upon the payment of all Deferred Interest (together with any compounded interest thereon, if any, to the extent permitted by applicable law), the Company may elect to begin a new Deferral Period pursuant to clause (i) of this Section 2.1(g).

(iv) The Company shall give written notice to the Trustee and the Holders of the Debentures of its election to begin any Deferral Period on any Interest Payment Date at least one Business Day prior to the Regular Record Date for that Interest Payment Date. Notwithstanding the previous sentence, the Company's failure to pay any interest due within five Business Days after any Interest Payment Date occurring prior to the Second Stock Purchase Date shall automatically and without any further action by any Person be deemed to commence a Deferral Period.

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(v) The restrictions in clause (i) of this Section 2.1(g) do not apply to (a) purchases, redemptions or other acquisitions of shares of the Company's Capital Stock in connection with (1) any Employee Benefit Plan or the Assurance Agreement or (2) a dividend reinvestment, stock purchase plan or other similar plan, (b) any exchange or conversion of any class or series of the Company's Capital Stock (or the Capital Stock of any Subsidiary) for any class or series of the Company's Capital Stock or of any class or series of Indebtedness of the Company for any class or series of the Company's Capital Stock, (c) the purchase of fractional interests in shares of the Capital Stock of the Company in accordance with the conversion or exchange provisions of the Company's Capital Stock or the security or instrument being converted or exchanged, (d) any declaration of a dividend in connection with any stockholders' rights plan, or the issuance of rights, equity securities or other property under any stockholders' rights plan, or the redemption or repurchase of rights in accordance with any stockholders' rights plan, (e) any dividend in the form of equity securities, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such equity securities, (f) any payment during a Deferral Period of current or deferred interest in respect of any debt securities of the Company that rank *pari passu* with the Debentures that is made *pro rata* to the amounts due on *pari passu* securities and the Debentures, (g) any payments of deferred interest or principal on such *pari passu* securities that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* securities, (h) the repurchase of any debt securities of the Company that rank *pari passu* with the Debentures in exchange for Capital Stock in connection with a failed remarketing or similar event, any payment of deferred interest on any such debt securities in the form of additional debentures that will rank *pari passu* with the Debentures and the repayment of any such additional debentures at maturity or (i) any repayment or redemption of a security necessary to avoid a breach of the instrument governing that security.

(h) Events of Default. After the Second Stock Purchase Date, the Debentures shall be entitled to the benefits of the Events of Default set forth in Section 501 of the Indenture. Until the Second Stock Purchase Date, the following events shall be Events of Default with respect to the Debentures (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article Fourteen of the Indenture or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of interest, including compounded interest, in full in cash or Additional Debentures on any Debenture for a period of 30 days after the Second Stock Purchase Date;

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(2) default in the payment of the principal of any Debenture at the final stated maturity or upon a call for redemption pursuant to Section 2.1(i); or

(3) the events set forth in Section 501(5) and (6) of the Indenture.

(i) Redemption. The Debentures shall be redeemable in accordance with Article Eleven of the Indenture. Subject to Section 2.2(a)(ii), at any time on or after May 1, 2013, the Company may redeem, at its option, the Debentures, in whole or in part, at a price equal to the greater of their principal amount and the Make-Whole Redemption Price, plus, in either case, accrued and unpaid interest, if any, to the Redemption Date.

(j) Sinking Fund. Article Twelve shall not apply to the Debentures.

(k) Subordination. The Debentures shall at all times prior to the Remarketing Settlement Date, if any, be subject to Article Fourteen of the Indenture, subject to the following modifications:

(i) For purposes of the Debentures, the “or” before clause (iii) of the definition of Senior Debt in the Indenture is deleted, the following clauses are added to the definition of Senior Debt in the Indenture after the word “contracts,” in clause (iii) for purposes of the Debentures:

“, (iv) any subordinated or junior subordinated debt that by its terms is not expressly *pari passu* or subordinated to the Debentures, (v) any Guarantee of any indebtedness, obligation or security issued by any Person that is an Affiliate of the Company and such Person is viewed by the Company as a vehicle to finance its operations, and (vi) Indebtedness of the Company to its Subsidiaries”; and

(ii) For purposes of the Debentures, the following provision is added to the end of the definition of Senior Debt in the Indenture after the word “Securities”: “*provided that* (a) trade accounts payable and accrued liabilities arising in the ordinary course of the Company’s business, (b) the Company’s 6.25% Series A-1 Junior Subordinated Debentures, 5.75% Series A-2 Junior Subordinated Debentures, 4.875% Series A-3 Junior Subordinated Debentures, 6.45% Series A-4 Junior Subordinated Debentures, 7.70% Series A-5 Junior Subordinated Debentures and the Other Debentures and (c) any other indebtedness, Guarantee or other obligation that is specifically designated as being subordinate, or not superior, in right of payment to the Debentures, shall not be considered Senior Debt”.

SEVENTH SUPPLEMENTAL INDENTURE

(iii) For purposes of the Debentures, the provisions of Section 1404 of the Indenture shall only apply in the case where (A) there has been an event of default with respect to Senior Debt within the meaning of clause (i) of the definition of Senior Debt, (B) the principal amount of such Senior Debt has been accelerated, (C) the outstanding principal amount of Senior Debt at the time of acceleration is at least \$100,000,000 and (D) the event of default or acceleration has not been cured, waived, or otherwise ceased to exist. In no other case and to no other Senior Debt shall Section 1404 apply.

(iv) The Debentures shall rank *pari passu* with the Company's 6.25% Series A-1 Junior Subordinated Debentures, 5.75% Series A-2 Junior Subordinated Debentures, 4.875% Series A-3 Junior Subordinated Debentures, 6.45% Series A-4 Junior Subordinated Debentures, 7.70% Series A-5 Junior Subordinated Debentures and the Other Debentures.

(l) Registrar, Paying Agent, Authenticating Agent and Place of Payment. The Company hereby appoints The Bank of New York as Security Registrar, Authenticating Agent and Paying Agent with respect to the Debentures. The Debentures may be surrendered for registration of transfer and for exchange without service charge, but upon payment of any taxes on other governmental charges payable in connection with such registration of transfer or exchange, at the office or agency of the Company maintained for such purpose in The City of New York, New York and at any other office or agency maintained by the Company for such purpose. The Place of Payment for the Debentures shall be the Paying Agent's office in New York, New York. Principal and interest with respect to the Debentures will be payable, the transfer of the Debentures will be registrable and Debentures will be exchangeable for debentures of a like aggregate principal amount in denominations of \$1,000 and integral multiples of \$1,000, at the office of the Paying Agent.

(m) Defeasance. After the Second Stock Purchase Date, the Debentures will be subject to Sections 1302 and 1303 of the Indenture unless the Company makes the election set forth in Section 2.2(a)(iii).

(n) Redemption at Holders' Option. If there is a Failed Remarketing, each Holder of Debentures that are Separate Debentures will have the right to require the Company to redeem all or a portion of its Separate Debentures, but excluding any Additional Debentures, on the Second Stock Purchase Date (the "Put Right"). Such right will be exercisable only upon delivery of notice to the Trustee on or prior to 11:00 a.m., New York City time, on the second Business Day prior to the Second Stock Purchase Date (a "Put Notice"). A Put Notice shall be irrevocable. If a Put Notice shall have been duly given, the Separate Debentures to which the Put Notice relates shall become due and payable on the Second Stock Purchase Date, and the Company shall redeem, such Debentures for

SEVENTH SUPPLEMENTAL INDENTURE

a Redemption Price per Debenture equal to 100% of their principal amount. Accrued and unpaid interest on such Debenture to such date of redemption shall be paid to the Holders of such Debentures on the Record Date therefor. Section 1105 of the Indenture shall apply to any redemption pursuant to this Section 2.1(n), and Section 1107 of the Indenture shall apply to any Separate Debenture redeemed in part.

(o) Modification. No supplemental indenture shall, without the consent of the Holder of each Outstanding Debenture, modify or amend Section 2.1(n) or Section 2.1(p) in any respect materially adverse to the Holder.

(p) Remarketing and Reset Rate Mechanics.

(i) Obligation to Conduct Remarketing and Related Requirements.

(i) The Company and the Purchase Contract Agent shall appoint a nationally recognized investment banking firm as Remarketing Agent and enter into a Remarketing Agreement at least 30 days prior to the Remarketing Period Start Date. The Remarketing Agreement shall include such terms, conditions and other provisions as the Company, the Purchase Contract Agents and the Remarketing Agent may agree among themselves but shall in any event include provisions to substantially the following effect:

(1) The Remarketing Agents will use their commercially reasonable efforts to obtain a price for the Debentures to be remarketed in the Remarketing which results in proceeds, net of the Remarketing Agents' Fee, equal to at least 100% of the sum of the Treasury Portfolio Purchase Price and the Separate Debentures Purchase Price;

(2) The Remarketing Agent will in consultation with the Company reset the Coupon Rate on the Debentures (as a rate *per annum* for payment of interest on each applicable Interest Payment Date) or establish the Reset Spread in order to give effect to clause (1) above for Interest Periods or portions thereof commencing on or after the Remarketing Settlement Date;

(3) The Remarketing Agents will deduct the Remarketing Agents' Fee from the proceeds of the Remarketing and remit any Proceeds remaining after such deduction to or at the direction of the Collateral Agent and the Custodial Agent in accordance with the Pledge Agreement; and

(4) On any day in a Remarketing Period other than the last five Business Days of such Remarketing Period, the Company may, in its

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absolute discretion (and without prior notice being given to Holders of Debentures or of the Equity Units), postpone the Remarketing until the following Business Day by giving notice of such postponement to the Remarketing Agents in accordance with the Remarketing Agreement.

(ii) The Company and the Purchase Contract Agent shall use their commercially reasonable efforts to effect Remarketing of the Debentures as described in this Section 2.1(p). If in the judgment of counsel to the Company or to the Remarketing Agents it is necessary for a Registration Statement covering the Debentures to have been filed and have become effective under the Securities Act in order to effect the Remarketing, then the Company and the Purchase Contract Agent shall use their commercially reasonable efforts (i) to ensure that a Registration Statement covering the full principal amount of Debentures to be remarketed shall have become effective in a form that will enable the Remarketing Agents to rely on it in connection with the Remarketing or (ii) effect such Remarketing pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements under the Securities Act.

(ii) Reset of Coupon Rate in Connection with Remarketing.

(i) As part of and in connection with the Remarketing, the Remarketing Agents shall, as contemplated by Section 2.1(p)(i)(2) and in accordance with the other provisions of this Section 2.1(p), (A) reset the Coupon Rate to a new rate (the "Reset Rate"), or (B) if the Company shall have made the election set forth in Section 2.2(a)(iii), establish the reset spread (the "Reset Spread"), rounded to the nearest one-thousandth (0.001) of one percent *per annum*, that will apply to all Debentures (whether or not the Holders thereof participated in the Remarketing) if such Remarketing is Successful for each Interest Period or portion thereof commencing on or after the Remarketing Settlement Date.

(ii) If the Remarketing has been determined to be Successful in accordance with Section 2.1(p)(iii)(v), by approximately 4:30 p.m., New York City time, on any Remarketing Date, the Remarketing Agent shall notify the Company, the Purchase Contract Agent and the Trustee that the Remarketing was Successful and the Reset Rate or Reset Spread, as the case may be, determined as part of such Remarketing in accordance with this Section 2.1(p).

(iii) If a Remarketing is Successful, then commencing with the related Remarketing Settlement Date, (A) the Coupon Rate shall be reset to the Reset Rate or (B) if the Company shall have made the election set forth in Section 2.2(a)(iii), the Debentures shall bear interest at the Base

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Rate plus the Reset Spread, determined in accordance with this Section 2.1(p) pursuant to such Remarketing.

(iv) In the event of a Failed Remarketing:

(1) no Debentures will be sold in such Remarketing;

(2) the Coupon Rate and the Interest Payment Dates will remain unchanged;

(3) the Collateral Agent, for the benefit of the Company, will, at the written instruction of the Company, deliver or dispose of the Debentures that are included in Corporate Units in accordance with the Company's written instructions to satisfy in full, from any such disposition or retention, such Holders' obligations to pay the purchase price for the shares of Common Stock to be issued on the Second Stock Purchase Date under the Stock Purchase Contracts underlying such Corporate Units; and

(4) in the case of Debentures that are Separate Debentures the Holders of which elected to participate in the Remarketing, such Debentures will be returned to the related Holders in accordance with the Pledge Agreement and the Holders will be entitled to exercise the Put Right.

(iii) Remarketing Procedures.

(i) The Company will (A) (x) give, or cause the Trustee to give on its behalf, the Holders of the Separate Debentures and (y) cause the Purchase Contract Agent to give the record holders of Equity Units notice of the Remarketing at least seven Business Days prior to the Remarketing Period Start Date, and (B) request, not later than seven nor earlier than 15 calendar days prior to the Remarketing Period Start Date (or if clause (2) below applies, not later than 15 or earlier than 21 calendar days prior to the Remarketing Period Start Date), that the Depositary notify its participants holding Debentures, Corporate Units or Treasury Units, of the Remarketing. Such notices will set forth:

(1) the Interest Payment Dates and Regular Record Dates that will apply after the Remarketing Settlement Date;

(2) the modifications to the terms of the Debentures, if any, effected pursuant to Section 2.2(a);

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(3) the procedures a beneficial owner must follow if it holds Debentures that are Separate Debentures to elect to participate in the Remarketing; and  
(4) the procedures a beneficial owner must follow to exercise its Put Right in the event such Remarketing is a Failed Remarketing if such beneficial owner holds Debentures that are Separate Debentures.

(ii) On the Remarketing Period Start Date, all outstanding Debentures included in Corporate Units will be tendered or be deemed tendered to the Remarketing Agent for Remarketing. Each Holder of Debentures included in Corporate Units, by purchasing such Debentures agrees to have such Debentures remarketed on any Remarketing Date and authorizes the Remarketing Agent to take any and all action on its behalf necessary to effect the Remarketing.

(iii) Each Holder of Debentures that are Separate Debentures may elect to have such Holder's Debentures remarketed in the Remarketing in accordance with Section 5.02 of the Purchase Contract Agreement.

(iv) If the Remarketing on any Remarketing Date is Successful, then on the Remarketing Settlement Date the Collateral Agent shall deliver to the Remarketing Agent the Debentures included in the Corporate Units and the Custodial Agent shall deliver to the Remarketing Agent the Debentures the Holders of which have made the election referred to in clause (iii) above, and the Remarketing Agent shall deduct the Remarketing Agent's Fee to which it is entitled as provided in Section 2.1(p)(i) from the proceeds of such Remarketing and remit the remaining proceeds in accordance with Section 2.1(p)(i)(3) for application as provided therein.

(v) If by 4:00 p.m., New York City time, on any Remarketing Date the Remarketing Agent has found buyers for all of the Debentures offered in the Remarketing in accordance with this Section 2.1(p), a Successful Remarketing shall be deemed to have occurred.

(vi) If, by 4:00 p.m., New York City time, on the last day of the Remarketing Period, the Remarketing Agent is unable to find buyers for all of the Debentures offered in the Remarketing in accordance with this Section 2.1(p), such Remarketing shall be deemed to be a "Failed Remarketing."

(vii) The Company shall notify, or cause the Trustee to notify, the Holders of the Debentures of a Successful Remarketing promptly

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following the Remarketing Settlement Date, and shall cause a notice of any Failed Remarketing to be published on the Business Day following the last day of the Remarketing Period, by publication in a daily newspaper in the English language of general circulation in New York City, which is expected to be *The Wall Street Journal*.

(viii) The right of each Holder (whether of Separate Debentures or of Debentures included in Corporate Units) to have its Debentures remarketed and sold in connection with any Remarketing shall be limited to the extent that (i) the Remarketing Agents conduct a Remarketing pursuant to the terms of the Remarketing Agreement, (ii) the Remarketing Agents are able to find a purchaser or purchasers for the Debentures offered in the Remarketing in accordance with this Section 2.1(p) and the Remarketing Agreement, and (iii) the purchaser or purchasers deliver the purchase price therefor to the Remarketing Agent as and when required.

(ix) Neither the Company nor the Remarketing Agents shall be obligated in any case to provide funds to make payment upon tender of Debentures for Remarketing.

## **Section 2.2 Company's Election to Change Certain Terms**

(a) The Company may, without the consent of any Holders of Debentures, in consultation with the Remarketing Agents, elect at any time at least 30 days prior to the Remarketing Period Start Date, but on one occasion only:

(i) to change the maturity of principal of the Debentures to a date that is earlier than May 1, 2041; *provided, however*, that the maturity of principal of the Debentures may not be changed to a date earlier than May 1, 2013;

(ii) to change the terms of the Debentures to eliminate the Company's right to redeem the Debentures at its option or to specify a date, which may not be earlier than May 1, 2013, on and after which the Debentures will be redeemable at the Company's option either in whole or in part (as elected by the Company) or to modify the definition of "Make-Whole Redemption Price" or to provide that the Redemption Price shall be equal to the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest to the Redemption Date; or

(iii) to provide that the Debentures shall bear interest at a floating rate equal to the applicable index (the "Base Rate") plus a Reset Spread to be determined in accordance with Section 2.1(p), in which case the Company may also elect to modify the business day and day count conventions set forth in Section 2.1(e) to conform to market practice for floating-rate debentures bearing interest at a rate determined by reference to such index.

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(b) The Company shall make the elections provided for in Section 2.2(a), as applicable, by giving irrevocable written notice of such elections to the Trustee. Any election under Sections 2.2(a)(i) and 2.2(a)(ii) shall be effective when made, and any such election under Section 2.2(a)(iii) shall be effective on the Remarketing Settlement Date.

(c) In the case of a Successful Remarketing, on or after the Remarketing Settlement Date the Debentures will cease to be subordinated and the provisions of Section 2.1(k) shall not apply. In the case of a Failed Remarketing, the Debentures will remain subordinated to Senior Debt and Section 2.1(k) will continue to apply.

### **Section 2.3 Tax Treatment**

(a) The Company agrees, and by acceptance of a Corporate Unit, each holder of a Corporate Unit will be deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such holder) (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of the applicable ownership interest in the Debenture and the Other Debentures and the Stock Purchase Contract constituting the Corporate Unit, (2) to treat the Debenture as indebtedness for United States federal, state and local income and franchise tax purposes, (3) if such holder purchased the Corporate Unit in the initial offering for \$75, to allocate \$25 to the undivided beneficial ownership interests in the Debenture and each Other Debenture and \$0 to the Stock Purchase Contract included in a Corporate Unit, and (4) to treat the Debenture as a “variable rate debt instrument” for U.S. federal income tax purposes.

(b) Any payment (including cash or property) and original issue discount under the terms of this Eighth Supplemental Indenture shall be subject to withholding and backup withholding of tax as required by law. Any such withholding and backup withholding shall be treated as if made to the intended recipient in full compliance with the terms hereof.

## **ARTICLE THREE MISCELLANEOUS**

### **Section 3.1 Relationship to Existing Indenture**

The Seventh Supplemental Indenture is a supplemental indenture within the meaning of the Indenture. The Indenture, as supplemented and amended by this Seventh Supplemental Indenture, is in all respects ratified, confirmed and approved and, with respect to the Debentures, the Indenture, as supplemented and amended by this Seventh Supplemental Indenture, shall be read, taken and construed as one and the same instrument.

SEVENTH SUPPLEMENTAL INDENTURE

**Section 3.2 Modification of the Existing Indenture**

Except as expressly modified by this Seventh Supplemental Indenture, the provisions of the Indenture shall govern the terms and conditions of the Debentures.

**Section 3.3 Governing Law**

This instrument shall be governed by and construed in accordance with the laws of the State of New York.

**Section 3.4 Counterparts**

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

**Section 3.5 Trustee Makes No Representation**

The recitals contained herein are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Seventh Supplemental Indenture (except for its execution thereof and its certificates of authentication of the Debentures).

SEVENTH SUPPLEMENTAL INDENTURE

IN WITNESS WHEREOF, the parties hereto have caused this Seventh Supplemental Indenture to be duly executed all as of the day and year first above written.

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Robert A. Gender

Name: Robert A. Gender

Title: Vice President and Treasurer

THE BANK OF NEW YORK,  
*as Trustee*

By: /s/ Sherma Thomas

Name: Sherma Thomas

Title: Assistant Treasurer

SEVENTH SUPPLEMENTAL INDENTURE

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[Include if this Security is a Global Security — THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**AMERICAN INTERNATIONAL GROUP, INC.  
5.82% SERIES B-2 JUNIOR SUBORDINATED DEBENTURES**

No.  
\$

CUSIP No.: 026874 BP1  
ISIN: US026874BP16

American International Group, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the “Company”, which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars (\$) [Include in Global Security and in Pledged Debenture — the principal sum as set forth on the Schedule of Increases or Decreases in Security attached hereto, which shall not exceed [ ]] on May 1, 2041, and to pay interest on said principal sum from May 16, 2008 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, subject to deferral as set forth herein, in arrears at a rate (i) of 5.82% *per annum* on February 1, May 1, August 1 and November 1 (each such date, an “Interest Payment Date”), commencing August 1, 2008, to but not including the earlier of the repayment of the outstanding principal amount of this Security and the Remarketing Settlement Date and (ii) if the Remarketing Settlement Date occurs, equal to the Reset Rate from and including the Remarketing Settlement Date, on each May 1 and November 1, or if the Company has elected that this Security will bear interest at a floating rate after the Remarketing Settlement Date, equal to the Base Rate *plus* the Reset Spread, on each February 1, May 1, August 1 and November 1, subject to adjustment as provided herein, commencing with the first such date to occur after the Remarketing Settlement Date, until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent

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that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate *per annum* compounded on each Interest Payment Date. The amount of interest payable on any Interest Payment Date shall, except as provided herein, be computed (i) for any full quarterly or semi-annual period on the basis of a 360-day year comprised of twelve 30-day months, (ii) for any period shorter than a full quarterly or semi-annual period, on the basis of a 30-day month and, for (iii) any period less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay). The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the Regular Record Date for such interest installment, which shall be the close of business on the 15<sup>th</sup> day of the month prior to the month in which the Interest Payment Date falls, whether or not a Business Day or such other date as the Company may specify. Any such interest installment not punctually paid or duly provided for (other than Deferred Interest) shall forthwith cease to be payable to the registered Holders on such Regular Record Date and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such Defaulted Interest, notice whereof shall be given to the registered Holders of this series of Securities not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Until the Remarketing Settlement Date, if any, the indebtedness evidenced by this Security is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior Debt of the Company, and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by, such provisions, (b) authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his or her attorney-in-fact for any and all such purposes. Each Holder hereof, by his or her acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Debt of the Company, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

The Company shall have the right, at any time and from time to time, prior to May 1, 2011 to defer the payment of interest on this Security for one or more consecutive Interest Periods as described on the reverse hereof. The Company shall give written notice to the Trustee and the Holders of this Security of its election to begin any Deferral Period at least one Business Day prior to the Regular Record Date for that Interest Payment Date, *provided, however*, that the Company's failure to pay any interest due

SERIES B-2 DEBENTURE

within five Business Days after any Interest Payment Date occurring prior to the Second Stock Purchase Date shall automatically and without any further action by any Person be deemed to commence a Deferral Period.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer of immediately available funds to an account designated by the Holder of this Security.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

SERIES B-2 DEBENTURE

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

AMERICAN INTERNATIONAL GROUP, INC.

By: \_\_\_\_\_  
Name:  
Title:

Attest:

\_\_\_\_\_  
[Secretary or Assistant Secretary]

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

THE BANK OF NEW YORK,  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

SERIES B-2 DEBENTURE

*(SIGNATURE PAGE FOR SECURITY)*

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**REVERSE OF SECURITY**

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under a Junior Subordinated Debt Indenture, dated as of March 13, 2007 (herein called the "Base Indenture"), as supplemented by a Seventh Supplemental Indenture, dated as of May 16, 2008 (herein called the "Seventh Supplemental Indenture" and, together with the Base Indenture, the "Indenture"), in each case, between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Debt and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof limited in aggregate principal amount to \$1,960,000,000 (except for Securities authenticated and delivered upon registration or transfer of, or exchange for, or in lieu of, other Securities pursuant to Section 304, 305, 306, 906 or 1107 of the Base Indenture or 2.1(n) or 2.1(p) of the Seventh Supplemental Indenture).

All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Securities of this series are subject to redemption on or after May 1, 2013, in whole or in part, upon not less than 30 days nor more than 60 days' prior notice by first class mail, postage pre-paid, to each Holder of Securities to be redeemed, at a Redemption Price equal to the greater of 100% of the principal amount thereof and the Make-Whole Redemption Price, plus, in either case, accrued and unpaid interest, if any, to the Redemption Date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor and of an authorized denomination for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Company may elect at any time at least 30 days prior to the Remarketing Period Start Date, but on one occasion only:

(i) to change the maturity of principal of this Security to a date that is earlier than May 1, 2041; *provided, however*, that the maturity of principal of this Security may not be changed to a date earlier than May 1, 2013;

(ii) to change the terms of this Security to eliminate the Company's right to redeem this Security at its option or to specify a date that may not be earlier than May 1, 2013 on and after which this Security will be redeemable at the Company's option either in whole or in part (as elected by the Company) or to modify the definition of Make-Whole Redemption Price or to provide that the

SERIES B-2 DEBENTURE

Redemption Price shall be equal to the principal amount of this Security to be redeemed, plus accrued and unpaid interest to the Redemption Date; or

(iii) to provide that this Security shall bear interest at a floating rate equal to the applicable index plus a Reset Spread determined in accordance with Section 2.1(p) of the Seventh Supplemental Indenture, in which case the Company may also elect to modify the business day and day count conventions set forth in Section 2.1(e) of the Seventh Supplemental Indenture to conform to market practice for floating-rate debentures bearing interest at a rate determined by reference to such index.

The elections set forth in clauses (i) and (ii) of the preceding paragraph shall become effective immediately upon the Trustee's receipt of such notice and the election set forth in clause (iii) above shall become effective on the Remarketing Settlement Date.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of each series affected at the time Outstanding, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities; *provided, however*, that, except as provided above and in the Seventh Supplemental Indenture, no such supplemental indenture shall (i) extend the fixed maturity of any Securities of any series, or reduce the principal amount thereof, reduce the rate or extend the time of payment of interest thereon, reduce any premium payable upon the redemption thereof, modify the right of Holders of Securities that are Separate Debentures to require the Company to purchase such Securities upon a Failed Remarketing, or modify the provisions of the Indenture relating to the Remarketing of the Securities, without the consent of the Holder of each Security so affected, or (ii) reduce the aforesaid percentage of Securities the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of each Security then outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding affected thereby, on behalf of all of the Holders of the Securities of such series, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture with respect to such series, and its consequences, except a default in the payment of the principal of or premium, if any, or interest (subject to the Company's right to defer interest payments) on any of the Securities of such series. Any such consent or waiver by the registered Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and of any Security issued in exchange herefor or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Security.

SERIES B-2 DEBENTURE

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest (subject to the Company's right to defer interest payments) on this Security at the time and place and at the rate and in the money herein prescribed.

The Company shall have the right, at any time and from time to time prior to May 1, 2011, to defer the payment of interest on the Securities for one or more consecutive Interest Periods; *provided* that no Deferral Period shall extend beyond May 1, 2011 (such interest referred to as "Deferred Interest"). Deferred Interest will accrue interest at the rate of 5.82% *per annum* compounded on each Interest Payment Date. The Company agrees that (A) until May 1, 2011, (x) if an Event of Default has occurred and is continuing, (y) the Company has given notice of its election to defer interest payments but the Deferral Period has not yet commenced or (z) a Deferral Period is continuing, (B) the Company has given notice of its election to defer Contract Adjustment Payments but the related deferral period has not yet commenced or a deferral period is continuing with respect to such Contract Adjustment Payments, or (C) Additional Debentures are outstanding, the Company shall not, and shall not permit any Subsidiary, subject to the exceptions specified below, to: (a) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any Capital Stock of the Company, (b) make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any debt securities of the Company that rank *pari passu* with, or junior to, this Security or (c) make any payments with respect to any Guarantee by the Company of securities of any Subsidiary if such Guarantee ranks *pari passu* with, or junior to, this Security. The Company may pay Deferred Interest (together with compounded interest thereon, if any, to the extent permitted by applicable law) to the Holder at any time either in the form of cash or in the form of Additional Debentures having a principal amount equal to the amount of accrued but unpaid Deferred Interest on the date of issuance and maturing on the later of August 1, 2014 and the date five years after the date of commencement of the Deferral Period; *provided, however*, that the Company must pay any accrued but unpaid Deferred Interest to the Holder either in the form of cash or in the form of Additional Debentures on the Second Stock Purchase Date, whether or not such Holder participates in the Remarketing. Deferred Interest paid on any Interest Payment Date shall be payable to the Person in whose name the Debentures are registered at the close of business on the Regular Record Date next preceding such Interest Payment Date, *provided* that the Company may establish a Special Record Date for any Deferred Interest to be paid on a date other than an Interest Payment Date and Holders on that Special Record Date shall be entitled to payment of the Deferred Interest. Upon termination of any Deferral Period and upon the payment of all Deferred Interest and any compounded interest then due on any Interest Payment Date, the Company may elect to begin a new Deferral Period.

The restrictions on payments do not apply to (a) purchases, redemptions or other acquisitions of shares of the Company's Capital Stock in connection with (1) any Employee Benefit Plan or the Assurance Agreement or (2) a dividend reinvestment, stock

SERIES B-2 DEBENTURE

purchase plan or other similar plan, (b) any exchange or conversion of any class or series of the Company's Capital Stock (or the Capital Stock of any Subsidiary) for any class or series of the Company's Capital Stock or of any class or series of Indebtedness of the Company for any class or series of the Company's Capital Stock, (c) the purchase of fractional interests in shares of the Capital Stock of the Company in accordance with the conversion or exchange provisions of the Company's Capital Stock or the security or instrument being converted or exchanged, (d) any declaration of a dividend in connection with any stockholders' right plan, or the issuance of rights, equity securities or other property under any stockholders' right plan, or the redemption or repurchase of rights in accordance with any stockholders' rights plan, (e) any dividend in the form of equity securities, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such equity securities, (f) any payment during a Deferral Period of current or deferred interest in respect of any debt securities of the Company that rank *pari passu* with the Debentures that is made *pro rata* to the amounts due on *pari passu* securities and the Debentures, (g) any payments of deferred interest or principal on such *pari passu* securities that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* securities, (h) the repurchase of any debt securities of the Company that rank *pari passu* with this Security in exchange for common stock in connection with a failed remarketing or similar event, any payment of deferred interest on any such debt securities in the form of additional debentures that will rank *pari passu* with this Security and the repayment of any such additional debentures at maturity or (i) any repayment or redemption of a security necessary to avoid a breach of the instrument governing that security.

After the Second Stock Purchase Date, so long as this Security bears interest at a fixed rate of interest, this Security will be subject to defeasance of the entire indebtedness of this Security and of certain restrictive covenants and events of default, in each case upon compliance with certain conditions set forth in the Indenture.

After the Second Stock Purchase Date, the Securities of this series will be entitled to the benefits of the Events of Default described in the Base Indenture. Until the Second Stock Purchase Date, the Securities of this series are entitled to the Events of Default specified in the Seventh Supplemental Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default, as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time outstanding a direction inconsistent with such request, and shall have failed to

SERIES B-2 DEBENTURE

institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or, to the extent provided in Section 2.1(g) of the Seventh Supplemental Indenture, interest hereon on or after the respective due dates.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Company agrees, and by acceptance of a Corporate Unit, each holder of a Corporate Unit will be deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such holder) (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of the applicable ownership interest in this Security and the Other Debentures and the Stock Purchase Contract constituting the Corporate Unit, (2) to treat this Security as indebtedness for United States federal, state and local income and franchise tax purposes, (3) if such holder purchased the Corporate Unit in the initial offering for \$75, to allocate \$25 to the undivided beneficial ownership interests in this Security and each Other Debenture and \$0 to the Stock Purchase Contract included in a Corporate Unit, and (4) to treat this Security as a "variable rate debt instrument" for U.S. federal income tax purposes.

SERIES B-2 DEBENTURE

THE BASE INDENTURE, THE SEVENTH SUPPLEMENTAL INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SERIES B-2 DEBENTURE

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM: as tenants in common

UNIF GIFT MIN ACT: \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

TEN ENT: as tenants by the entireties

JT TEN: as joint tenants with right of survivorship and not as tenants in common

Under Uniform Gifts to Minors Act  
(State)

Additional abbreviations may also be used though not in the above list.

SERIES B-2 DEBENTURE

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

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(Please insert Social Security or Taxpayer I.D. or other Identifying Number of Assignee)

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(Please print or type name and address including Postal Zip code of Assignee)

the within Debenture and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ Attorney, to transfer said Debenture on the books of the Security Registrar, with full power of substitution in the premises.

Dated:                      Signature \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Debenture in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee: \_\_\_\_\_

SERIES B-2 DEBENTURE



**[TO BE ATTACHED TO GLOBAL CERTIFICATES AND PLEDGED DEBENTURES]  
SCHEDULE OF INCREASES OR DECREASES IN SECURITY**

The initial principal amount of Securities represented by this [Global] Security is \$ \_\_\_\_\_ . The following increases or decreases in this [Global] Security have been made:

Date	Amount of increase in principal amount of this Security	Amount of decrease in principal amount of this Security	Principal amount of this Security following such decrease or increase	Signature of authorized signatory of [Security Registrar] [Collateral Agent]
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

SERIES B-2 DEBENTURE

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AMERICAN INTERNATIONAL GROUP, INC.

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**Eighth Supplemental Indenture**

*Dated as of May 16, 2008*

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(Supplemental to the Junior Subordinated Debt Indenture Dated as of March 13, 2007)

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THE BANK OF NEW YORK,  
*as Trustee*

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EIGHTH SUPPLEMENTAL INDENTURE, dated as of May 16, 2008, between American International Group, Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), and The Bank of New York, a New York banking corporation, as Trustee (herein called "Trustee");

R E C I T A L S:

WHEREAS, the Company has heretofore executed and delivered to the Trustee a Junior Subordinated Debt Indenture, dated as of March 13, 2007 (the "Indenture"), providing for the issuance from time to time of the Company's unsecured debentures, notes or other evidences of indebtedness (herein and therein called the "Securities"), to be issued in one or more series as provided in the Indenture;

WHEREAS, Section 901 of the Indenture permits the Company and the Trustee to enter into an indenture supplemental to the Indenture to establish the form and terms of a series of Securities;

WHEREAS, Section 201 of the Indenture permits the form of Securities of a series to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 301 of the Indenture permits certain terms of a series of Securities to be established pursuant to an indenture supplemental to the Indenture;

WHEREAS, pursuant to Sections 201 and 301 of the Indenture, the Company desires to provide for the establishment of a new series of Securities under the Indenture, the form and substance of such Securities and the terms, provisions and conditions thereof to be set forth as provided in the Indenture and this Eighth Supplemental Indenture;

WHEREAS, all things necessary to make this Eighth Supplemental Indenture a valid agreement of the Company, in accordance with its terms, have been done;

WHEREAS, the Corporate Units will include as a component the Debentures (as hereinafter defined);

WHEREAS, the Debentures are entitled to the benefit of a Remarketing Agreement, dated as of the date hereof, among the Company, the Purchase Contract Agent (as hereinafter defined) and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Remarketing Agents;

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL INDENTURE WITNESSETH:

EIGHTH SUPPLEMENTAL INDENTURE

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For and in consideration of the premises and the purchase of the Securities of the series established by this Eighth Supplemental Indenture by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all such Holders, as follows:

**ARTICLE ONE**  
**DEFINITIONS AND OTHER PROVISIONS**  
**OF GENERAL APPLICATION**

**Section 1.1 Relation to Indenture**

This Eighth Supplemental Indenture constitutes a part of the Indenture (the provisions of which, as modified by this Eighth Supplemental Indenture, shall apply to the Debentures) in respect of the Debentures but shall not modify, amend or otherwise affect the Indenture insofar as it relates to any other series of Securities or modify, amend or otherwise affect in any manner the terms and conditions of the Securities of any other series.

**Section 1.2 Definitions**

For all purposes of this Eighth Supplemental Indenture, the capitalized terms used herein (i) which are defined in this Section 1.2 have the respective meanings assigned hereto in this Section 1.2 and (ii) which are defined in the Indenture (and which are not defined in this Section 1.2) have the respective meanings assigned thereto in the Indenture. For all purposes of this Eighth Supplemental Indenture:

1.2.1 Unless the context otherwise requires, any reference to an Article, Section or Annex refers to an Article or Section of, or Annex to, as the case may be, this Eighth Supplemental Indenture;

1.2.2 The words “herein”, “hereof” and “hereunder” and words of similar import refer to this Eighth Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision;

1.2.3 The following terms have the meanings given to them in the Pledge Agreement (where applicable, with respect to the Debentures): Collateral Account; Collateral Agent; Custodial Agent, and Proceeds;

1.2.4 The following terms have the meanings given to them in the Purchase Contract Agreement (where applicable, with respect to the Debentures): Contract Adjustment Payments; Corporate Units; Equity Units; Purchase Contract Agent; Remarketing Period; Remarketing Settlement Date; Separate Debentures; Separate Debentures Purchase Price; Stock Purchase Contract; Stock Purchase Date; Third Stock Purchase Date; Treasury Portfolio Purchase Price, and Treasury Units.

EIGHTH SUPPLEMENTAL INDENTURE

1.2.5 The terms defined in this Section 1.2.5 have the meanings assigned to them in this Section and include the plural as well as the singular:

“Additional Debentures” means any debt securities issued pursuant to Section 5.11(c) of the Purchase Contract Agreement in respect of deferred Contract Adjustment Payments or pursuant to Section 2.1(g)(ii), and shall (a) bear interest at an annual rate equal to the then market rate of interest for similar instruments (not to exceed 10%), as determined by a nationally recognized investment banking firm selected by the Company, (b) rank *pari passu* with the Debentures, (c) provide for optional deferral on the same basis as the Debentures (d) be redeemable at the Company’s option at any time at their principal amount, plus accrued and unpaid interest thereon through their date of redemption and (e) be issued under the Indenture.

“Adjusted Treasury Rate” means, with respect to any Redemption Date, the rate *per annum* equal to the yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

“Assurance Agreement” means the agreement of the Company, dated as of June 27, 2005, in favor of eligible employees and relating to specified obligations of Starr International Company, Inc. (as such agreement may be amended, supplemented, extended, modified or replaced from time to time).

“Base Rate” has the meaning set forth in Section 2.2(a)(iii).

“Business Day” is any day, other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed.

“Calculation Agent” means AIG Financial Products Corp., or any other Person appointed by the Company, acting as calculation agent for the Debentures. Any successor or substitute Calculation Agent may be an Affiliate of the Company.

“Capital Stock” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) shares issued by that Person.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an independent investment bank selected by the Calculation Agent as having a maturity comparable to the term remaining from the Redemption Date to the Final Maturity Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity.

“Comparable Treasury Price” means, with respect to any Redemption Date, the average of the Reference Treasury Dealer Quotations for such Redemption Date.

EIGHTH SUPPLEMENTAL INDENTURE

“Coupon Rate” means the interest rate payable on the Debentures as set forth herein.

“Debentures” has the meaning set forth in Section 2.1(a).

“Deferred Interest” has the meaning set forth in Section 2.1(g).

“Deferral Period” means each period beginning on an Interest Payment Date with respect to which the Company elects pursuant to Section 2.1(g) to defer all or part of any interest payment due on such Interest Payment Date and ending on the earlier of (i) the Third Stock Purchase Date and (ii) the next Interest Payment Date on which the Company has paid all accrued and previously unpaid interest on the Debentures.

“Employee Benefit Plan” means any written purchase, savings, option, bonus, appreciation, profit sharing, thrift, incentive, pension or similar plan or arrangement or any written compensatory contract or arrangement.

“Events of Default” has the meaning set forth in Section 2.1(h).

“Failed Remarketing” has the meaning set forth in Section 2.1(p)(iii).

“Final Maturity Date” means the earlier of August 1, 2041 and the maturity date specified by the Company pursuant to Section 2.2(a)(i).

“Indebtedness” means all indebtedness and obligations (other than the Debentures) of, or Guaranteed or assumed by, the Company that (i) are for borrowed money or (ii) are evidenced by bonds, debentures, notes or other similar instruments.

“Initial Interest Rate” has the meaning set forth in Section 2.1(e).

“Interest Payment Date” has the meaning set forth in Section 2.1(e).

“Interest Period” means the period from and including any Interest Payment Date (or, in the case of the first Interest Payment Date, May 16, 2008) to but excluding the next succeeding Interest Payment Date.

“Make-Whole Redemption Price” means the sum, as determined by the Calculation Agent, of the present values, determined in accordance with customary financial practice, of the remaining scheduled payments of principal discounted from the Final Maturity Date and interest thereon that would have been payable to and including the Final Maturity Date (not including any portion of such payments of interest accrued to the Redemption Date) discounted from the relevant Interest Payment Date to the Redemption Date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate plus 0.25%.

EIGHTH SUPPLEMENTAL INDENTURE

“Other Debentures” means each of the series of Securities issued under the Sixth Supplemental Indenture to the Indenture and the Seventh Supplemental Indenture to the Indenture, each dated as of the date hereof, and each between the Company and the Trustee.

“pari passu”, as applied to the ranking of any obligation of a Person in relation to any other obligation of such Person, means in any bankruptcy, insolvency or receivership proceeding that each such obligation either (i) is not subordinated or junior in right of payment to any other obligation or (ii) is subordinate or junior in right of payment to the same obligations as is the other, and is so subordinate or junior to the same extent, and is not subordinate or junior in right of payment to each other or to any obligation as to which the other is not so subordinate or junior.

“Pledge Agreement” means the Pledge Agreement, dated as of May 16, 2008, among the Company, Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent, as it may be amended from time to time.

“Purchase Contract Agreement” means the Purchase Contract Agreement, dated as of May 16, 2008, between the Company and The Bank of New York, as Purchase Contract Agent, as it may be amended from time to time.

“Put Notice” has the meaning set forth in Section 2.1(n).

“Put Right” has the meaning set forth in Section 2.1(n).

“Reference Treasury Dealer” means each of Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., or their respective successors; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a “Primary Treasury Dealer”), the Company shall substitute therefor another Primary Treasury Dealer; and any other Primary Treasury Dealer selected by the Calculation Agent after consultation with the Company.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Calculation Agent, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by that Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such Redemption Date.

“Regular Record Date” for the payment of any current interest payable on any Interest Payment Date, the date specified in Section 2.1(f) and for the payment of Deferred Interest, the date specified in Section 2.1(g)(ii).

EIGHTH SUPPLEMENTAL INDENTURE

“Remarketing” means a remarketing of Debentures pursuant to Section 2.1(p) and the Remarketing Agreement.

“Remarketing Agents” means the Remarketing Agents and any successor or replacement remarketing agents appointed by the Company pursuant to Section 2.1(p).

“Remarketing Agents’ Fee” means 0.25% of the sum of the Treasury Portfolio Purchase Price and the Separate Debentures Purchase Price.

“Remarketing Agreement” means the remarketing agreement entered into among the Company, the Purchase Contract Agent and the Remarketing Agents pursuant to Section 2.1(p).

“Remarketing Date” means any day during a Remarketing Period on which the Remarketing Agent finds buyers for all of the Debentures offered in the Remarketing by 4:00 p.m., New York City time.

“Remarketing Period Start Date” means the first day of the Remarketing Period.

“Reset Rate” has the meaning set forth in Section 2.1(p).

“Reset Spread” has the meaning set forth in Section 2.1(p).

“Successful” means, as to a Remarketing, that the Remarketing is conducted in accordance with Section 2.1(p) and the Remarketing Agent finds buyers for all of the Debentures offered in the Remarketing no later than 4:00 p.m., New York City time, on the last day of the Remarketing Period.

## ARTICLE TWO

### GENERAL TERMS AND CONDITIONS OF THE DEBENTURES

#### Section 2.1 Terms of Debentures

Pursuant to Sections 201 and 301 of the Indenture, there is hereby established a series of Securities, the terms of which shall be as follows:

(a) Designation. The Securities of this series shall be known and designated as the “5.89% Series B-3 Junior Subordinated Debentures” of the Company (the “Debentures”). The CUSIP number of the Debentures is 026874 BQ9.

(b) Aggregate Principal Amount. The maximum aggregate principal amount of the Debentures that may be authenticated and delivered under the Indenture and this Eighth Supplemental Indenture is \$1,960,000,000 (except for

EIGHTH SUPPLEMENTAL INDENTURE



Debentures authenticated and delivered upon registration of transfer of, or exchange for, or in lieu of, other Debentures pursuant to Section 304, 305, 306, 906 or 1107 of the Indenture or 2.1(n) or 2.1(p) of this Eighth Supplemental Indenture).

(c) **Form and Denominations.** (i) The Debentures will initially be issued in the form of one or more Securities substantially in the form of Annex A, with such modifications thereto as may be approved by the officer executing the same. The Debentures will be denominated in U.S. dollars and payments of principal and interest will be made in U.S. dollars. Except as provided for in Section 2.1(c)(ii), the Debentures will be issued only in fully registered certificated form without coupons, and the authorized denominations of the Debentures shall be \$1,000 and integral multiples of \$1,000 in excess thereof. Debentures that are components of Corporate Units shall be registered in the name of The Bank of New York, as Purchase Contract Agent. Principal and interest on the Debentures will be payable, the transfer of such Debentures will be registrable, and such Debentures will be exchangeable for Debentures of a like aggregate principal amount bearing identical terms and provisions, at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, New York City, which shall initially be the Corporate Trust Office of the Trustee, *provided, however*, that payment of interest may be made, at the option of the Company, by check mailed to the Holder at such address as shall appear in the Security Register or by wire transfer to an account appropriately designated by the Holder entitled to payment. No service charge shall be made for any registration of transfer or exchange of any Debentures, but the Company may require payment from the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(i) If any Debenture is no longer a component of the Corporate Unit and released from the Collateral Account, the Company, at its election, may issue one or more certificates, in form of a Global Security to represent such Debenture and any other Debentures that cease to be a component of Corporate Units and are released from the Collateral Account. If issued as one or more Global Securities, the Depository shall be The Depository Trust Company or such other depository as any officer of the Company may from time to time designate. Upon the creation of Treasury Units or the recreation of Corporate Units, an appropriate annotation shall be made on the Schedule of Increases and Decreases on the Global Securities held by the Depository and on the Schedule of Increases and Decreases on the Debenture held by the Collateral Agent. The Global Securities will be subject to the provisions of Section 305 of the Indenture and bear the legend in Section 204 of the Indenture; *provided, however*, that notwithstanding clause (2) of Section 305 of the Indenture, the Global Securities may be exchanged in whole or in part for Debentures registered in the name of the Purchase Contract Agent upon the recreation of Corporate Units in accordance

EIGHTH SUPPLEMENTAL INDENTURE

with the Purchase Contract Agreement and Pledge Agreement. Payments with respect to Global Securities will be made by wire transfer to the Depository.

(d) Maturity. The principal amount of, and all accrued and unpaid interest on, the outstanding Debentures shall be payable in full on the Final Maturity Date.

(e) Rate of Interest. The Debentures shall bear interest (i) from and including May 16, 2008 to but excluding the earlier of their maturity date and the Remarketing Settlement Date at the rate of 5.89% *per annum* (the "Initial Interest Rate"), and (ii) from and including the Remarketing Settlement Date, at the Reset Rate. Interest on the Debentures shall be payable (i) quarterly in arrears on February 1, May 1, August 1 and November 1 of each year, beginning on August 1, 2008 and (ii) after a Successful Remarketing, semi-annually in arrears on February 1 and August 1 at the Reset Rate, accruing from the Remarketing Settlement Date, unless the Company elects a Reset Rate that is a floating rate pursuant to Section 2.2(a)(iii) (each such date on which interest is to be paid, an "Interest Payment Date"). Except as provided in Section 2.1(p), the amount of interest payable on the Debentures for any period will be computed (i) for any full quarterly or semi-annual period on the basis of a 360-day year of twelve 30-day months and (ii) for any period shorter than a full quarterly or semi-annual period, on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. Except as provided in Section 2.1(p), in the event any Interest Payment Date falls on a day that is not a Business Day, the interest payment due on that date will be postponed to the next day that is a Business Day with the same force and effect as if made on such originally scheduled date and no interest shall accrue as a result of such postponement.

(f) To Whom Interest is Payable. Except as provided in Section 2.1(g)(ii) and as otherwise determined by the Company from time to time, interest (other than Deferred Interest which shall be payable to the Persons specified pursuant to Section 2.1(g)(ii)) shall be payable to the Person in whose name the Debentures are registered at the close of business on the 15<sup>th</sup> day of the month prior to the month in which the Interest Payment Date falls, whether or not a Business Day.

(g) Option to Defer Interest Payments. (i) The Company shall have the right, at any time and from time to time prior to the Third Stock Purchase Date, to defer the payment of interest on the Debentures for one or more consecutive Interest Periods; *provided* that no Deferral Period shall extend beyond the Third Stock Purchase Date (such interest referred to as "Deferred Interest"). Deferred Interest will, subject to applicable law, accrue interest at the Initial Interest Rate compounded on each Interest Payment Date. The Company agrees that (A) until the Third Stock Purchase Date, (x) if an Event of Default has

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occurred and is continuing, (y) the Company has given notice of its election to defer interest payments but the Deferral Period has not yet commenced or (z) a Deferral Period is continuing, (B) the Company has given notice of its election to defer Contract Adjustment Payments but the related deferral period has not yet commenced or a deferral period is continuing with respect to such Contract Adjustment Payments, or (C) Additional Debentures are outstanding, the Company shall not, and shall not permit any Subsidiary, subject to the exceptions specified in clause (v) of this Section 2.1(g), to: (a) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any Capital Stock of the Company, (b) make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any debt securities of the Company that rank *pari passu* with, or junior to, the Debentures (including the Other Debentures) or (c) make any payments with respect to any Guarantee by the Company of securities of any Subsidiary if such Guarantee ranks *pari passu* with, or junior to, the Debentures.

(ii) The Company may pay Deferred Interest pursuant to this Section 2.1(g) to the Holder at any time either in the form of cash or in the form of an Additional Debentures having a principal amount equal to the aggregate amount of accrued but unpaid Deferred Interest on the date of issuance and maturing on the later of August 1, 2014 and the date five years after the date of commencement of the Deferral Period; *provided, however*, that the Company must pay any accrued but unpaid Deferred Interest to the Holder either in the form of cash or in the form of Additional Debentures on the Third Stock Purchase Date, whether or not such Holder participates in the Remarketing. Deferred Interest paid on any Interest Payment Date shall be payable to the Person in whose name the Debentures are registered at the close of business on the Record Date next preceding such Interest Payment Date, *provided* that the Company shall establish a Special Record Date for any Deferred Interest to be paid on a date other than an Interest Payment Date and Holders on that Special Record Date shall be entitled to payment of the Deferred Interest.

(iii) Upon termination of any Deferral Period and upon the payment of all Deferred Interest (together with any compounded interest thereon, if any, to the extent permitted by applicable law), the Company may elect to begin a new Deferral Period pursuant to clause (i) of this Section 2.1(g).

(iv) The Company shall give written notice to the Trustee and the Holders of the Debentures of its election to begin any Deferral Period on any Interest Payment Date at least one Business Day prior to the Regular Record Date for that Interest Payment Date. Notwithstanding the previous sentence, the Company's failure to pay any interest due within five Business Days after any Interest Payment Date occurring prior to the Third Stock Purchase Date shall automatically and without any further action by any Person be deemed to commence a Deferral Period.

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(v) The restrictions in clause (i) of this Section 2.1(g) do not apply to (a) purchases, redemptions or other acquisitions of shares of the Company's Capital Stock in connection with (1) any Employee Benefit Plan or the Assurance Agreement or (2) a dividend reinvestment, stock purchase plan or other similar plan, (b) any exchange or conversion of any class or series of the Company's Capital Stock (or the Capital Stock of any Subsidiary) for any class or series of the Company's Capital Stock or of any class or series of Indebtedness of the Company for any class or series of the Company's Capital Stock, (c) the purchase of fractional interests in shares of the Capital Stock of the Company in accordance with the conversion or exchange provisions of the Company's Capital Stock or the security or instrument being converted or exchanged, (d) any declaration of a dividend in connection with any stockholders' rights plan, or the issuance of rights, equity securities or other property under any stockholders' rights plan, or the redemption or repurchase of rights in accordance with any stockholders' rights plan, (e) any dividend in the form of equity securities, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such equity securities, (f) any payment during a Deferral Period of current or deferred interest in respect of any debt securities of the Company that rank *pari passu* with the Debentures that is made *pro rata* to the amounts due on *pari passu* securities and the Debentures, (g) any payments of deferred interest or principal on such *pari passu* securities that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* securities, (h) the repurchase of any debt securities of the Company that rank *pari passu* with the Debentures in exchange for Capital Stock in connection with a failed remarketing or similar event, any payment of deferred interest on any such debt securities in the form of additional debentures that will rank *pari passu* with the Debentures and the repayment of any such additional debentures at maturity or (i) any repayment or redemption of a security necessary to avoid a breach of the instrument governing that security.

(h) Events of Default. After the Third Stock Purchase Date, the Debentures shall be entitled to the benefits of the Events of Default set forth in Section 501 of the Indenture. Until the Third Stock Purchase Date, the following events shall be Events of Default with respect to the Debentures (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article Fourteen of the Indenture or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of interest, including compounded interest, in full in cash or Additional Debentures on any Debenture for a period of 30 days after the Third Stock Purchase Date;

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(2) default in the payment of the principal of any Debenture at the final stated maturity or upon a call for redemption pursuant to Section 2.1(i); or

(3) the events set forth in Section 501(5) and (6) of the Indenture.

(i) Redemption. The Debentures shall be redeemable in accordance with Article Eleven of the Indenture. Subject to Section 2.2(a)(ii), at any time on or after August 1, 2013, the Company may redeem, at its option, the Debentures, in whole or in part, at a price equal to the greater of their principal amount and the Make-Whole Redemption Price, plus, in either case, accrued and unpaid interest, if any, to the Redemption Date.

(j) Sinking Fund. Article Twelve shall not apply to the Debentures.

(k) Subordination. The Debentures shall at all times prior to the Remarketing Settlement Date, if any, be subject to Article Fourteen of the Indenture, subject to the following modifications:

(i) For purposes of the Debentures, the “or” before clause (iii) of the definition of Senior Debt in the Indenture is deleted, the following clauses are added to the definition of Senior Debt in the Indenture after the word “contracts,” in clause (iii) for purposes of the Debentures:

“, (iv) any subordinated or junior subordinated debt that by its terms is not expressly *pari passu* or subordinated to the Debentures, (v) any Guarantee of any indebtedness, obligation or security issued by any Person that is an Affiliate of the Company and such Person is viewed by the Company as a vehicle to finance its operations, and (vi) Indebtedness of the Company to its Subsidiaries”; and

(ii) For purposes of the Debentures, the following provision is added to the end of the definition of Senior Debt in the Indenture after the word “Securities”: “*provided* that (a) trade accounts payable and accrued liabilities arising in the ordinary course of the Company’s business, (b) the Company’s 6.25% Series A-1 Junior Subordinated Debentures, 5.75% Series A-2 Junior Subordinated Debentures, 4.875% Series A-3 Junior Subordinated Debentures, 6.45% Series A-4 Junior Subordinated Debentures, 7.70% Series A-5 Junior Subordinated Debentures and the Other Debentures and (c) any other indebtedness, Guarantee or other obligation that is specifically designated as being subordinate, or not superior, in right of payment to the Debentures, shall not be considered Senior Debt”.

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(iii) For purposes of the Debentures, the provisions of Section 1404 of the Indenture shall only apply in the case where (A) there has been an event of default with respect to Senior Debt within the meaning of clause (i) of the definition of Senior Debt, (B) the principal amount of such Senior Debt has been accelerated, (C) the outstanding principal amount of Senior Debt at the time of acceleration is at least \$100,000,000 and (D) the event of default or acceleration has not been cured, waived, or otherwise ceased to exist. In no other case and to no other Senior Debt shall Section 1404 apply.

(iv) The Debentures shall rank *pari passu* with the Company's 6.25% Series A-1 Junior Subordinated Debentures, 5.75% Series A-2 Junior Subordinated Debentures, 4.875% Series A-3 Junior Subordinated Debentures, 6.45% Series A-4 Junior Subordinated Debentures, 7.70% Series A-5 Junior Subordinated Debentures and the Other Debentures.

(l) Registrar, Paying Agent, Authenticating Agent and Place of Payment. The Company hereby appoints The Bank of New York as Security Registrar, Authenticating Agent and Paying Agent with respect to the Debentures. The Debentures may be surrendered for registration of transfer and for exchange without service charge, but upon payment of any taxes on other governmental charges payable in connection with such registration of transfer or exchange, at the office or agency of the Company maintained for such purpose in The City of New York, New York and at any other office or agency maintained by the Company for such purpose. The Place of Payment for the Debentures shall be the Paying Agent's office in New York, New York. Principal and interest with respect to the Debentures will be payable, the transfer of the Debentures will be registrable and Debentures will be exchangeable for debentures of a like aggregate principal amount in denominations of \$1,000 and integral multiples of \$1,000, at the office of the Paying Agent.

(m) Defeasance. After the Third Stock Purchase Date, the Debentures will be subject to Sections 1302 and 1303 of the Indenture unless the Company makes the election set forth in Section 2.2(a)(iii).

(n) Redemption at Holders' Option. If there is a Failed Remarketing, each Holder of Debentures that are Separate Debentures will have the right to require the Company to redeem all or a portion of its Separate Debentures, but excluding any Additional Debentures, on the Third Stock Purchase Date (the "Put Right"). Such right will be exercisable only upon delivery of notice to the Trustee on or prior to 11:00 a.m., New York City time, on the second Business Day prior to the Third Stock Purchase Date (a "Put Notice"). A Put Notice shall be irrevocable. If a Put Notice shall have been duly given, the Separate Debentures to which the Put Notice relates shall become due and payable on the Third Stock Purchase Date, and the Company shall redeem, such Debentures for a

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Redemption Price per Debenture equal to 100% of their principal amount. Accrued and unpaid interest on such Debenture to such date of redemption shall be paid to the Holders of such Debentures on the Record Date therefor. Section 1105 of the Indenture shall apply to any redemption pursuant to this Section 2.1(n), and Section 1107 of the Indenture shall apply to any Separate Debenture redeemed in part.

(o) Modification. No supplemental indenture shall, without the consent of the Holder of each Outstanding Debenture, modify or amend Section 2.1(n) or Section 2.1(p) in any respect materially adverse to the Holder.

(p) Remarketing and Reset Rate Mechanics.

(i) Obligation to Conduct Remarketing and Related Requirements.

(i) The Company and the Purchase Contract Agent shall appoint a nationally recognized investment banking firm as Remarketing Agent and enter into a Remarketing Agreement at least 30 days prior to the Remarketing Period Start Date. The Remarketing Agreement shall include such terms, conditions and other provisions as the Company, the Purchase Contract Agents and the Remarketing Agent may agree among themselves but shall in any event include provisions to substantially the following effect:

(1) The Remarketing Agents will use their commercially reasonable efforts to obtain a price for the Debentures to be remarketed in the Remarketing which results in proceeds, net of the Remarketing Agents' Fee, equal to at least 100% of the sum of the Treasury Portfolio Purchase Price and the Separate Debentures Purchase Price;

(2) The Remarketing Agent will in consultation with the Company reset the Coupon Rate on the Debentures (as a rate *per annum* for payment of interest on each applicable Interest Payment Date) or establish the Reset Spread in order to give effect to clause (1) above for Interest Periods or portions thereof commencing on or after the Remarketing Settlement Date;

(3) The Remarketing Agents will deduct the Remarketing Agents' Fee from the proceeds of the Remarketing and remit any Proceeds remaining after such deduction to or at the direction of the Collateral Agent and the Custodial Agent in accordance with the Pledge Agreement; and

(4) On any day in a Remarketing Period other than the last five Business Days of such Remarketing Period, the Company may, in its

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absolute discretion (and without prior notice being given to Holders of Debentures or of the Equity Units), postpone the Remarketing until the following Business Day by giving notice of such postponement to the Remarketing Agents in accordance with the Remarketing Agreement.

(ii) The Company and the Purchase Contract Agent shall use their commercially reasonable efforts to effect Remarketing of the Debentures as described in this Section 2.1(p). If in the judgment of counsel to the Company or to the Remarketing Agents it is necessary for a Registration Statement covering the Debentures to have been filed and have become effective under the Securities Act in order to effect the Remarketing, then the Company and the Purchase Contract Agent shall use their commercially reasonable efforts (i) to ensure that a Registration Statement covering the full principal amount of Debentures to be remarketed shall have become effective in a form that will enable the Remarketing Agents to rely on it in connection with the Remarketing or (ii) effect such Remarketing pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements under the Securities Act.

(ii) Reset of Coupon Rate in Connection with Remarketing.

(i) As part of and in connection with the Remarketing, the Remarketing Agents shall, as contemplated by Section 2.1(p)(i)(2) and in accordance with the other provisions of this Section 2.1(p), (A) reset the Coupon Rate to a new rate (the "Reset Rate"), or (B) if the Company shall have made the election set forth in Section 2.2(a)(iii), establish the reset spread (the "Reset Spread"), rounded to the nearest one-thousandth (0.001) of one percent *per annum*, that will apply to all Debentures (whether or not the Holders thereof participated in the Remarketing) if such Remarketing is Successful for each Interest Period or portion thereof commencing on or after the Remarketing Settlement Date.

(ii) If the Remarketing has been determined to be Successful in accordance with Section 2.1(p)(iii)(v), by approximately 4:30 p.m., New York City time, on any Remarketing Date, the Remarketing Agent shall notify the Company, the Purchase Contract Agent and the Trustee that the Remarketing was Successful and the Reset Rate or Reset Spread, as the case may be, determined as part of such Remarketing in accordance with this Section 2.1(p).

(iii) If a Remarketing is Successful, then commencing with the related Remarketing Settlement Date, (A) the Coupon Rate shall be reset to the Reset Rate or (B) if the Company shall have made the election set forth in Section 2.2(a)(iii), the Debentures shall bear interest at the Base

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Rate plus the Reset Spread, determined in accordance with this Section 2.1(p) pursuant to such Remarketing.

(iv) In the event of a Failed Remarketing:

(1) no Debentures will be sold in such Remarketing;

(2) the Coupon Rate and the Interest Payment Dates will remain unchanged;

(3) the Collateral Agent, for the benefit of the Company, will, at the written instruction of the Company, deliver or dispose of the Debentures that are included in Corporate Units in accordance with the Company's written instructions to satisfy in full, from any such disposition or retention, such Holders' obligations to pay the purchase price for the shares of Common Stock to be issued on the Third Stock Purchase Date under the Stock Purchase Contracts underlying such Corporate Units; and

(4) in the case of Debentures that are Separate Debentures the Holders of which elected to participate in the Remarketing, such Debentures will be returned to the related Holders in accordance with the Pledge Agreement and the Holders will be entitled to exercise the Put Right.

(iii) Remarketing Procedures.

(i) The Company will (A) (x) give, or cause the Trustee to give on its behalf, the Holders of the Separate Debentures and (y) cause the Purchase Contract Agent to give the record holders of Equity Units notice of the Remarketing at least seven Business Days prior to the Remarketing Period Start Date, and (B) request, not later than seven nor earlier than 15 calendar days prior to the Remarketing Period Start Date (or if clause (2) below applies, not later than 15 or earlier than 21 calendar days prior to the Remarketing Period Start Date), that the Depositary notify its participants holding Debentures, Corporate Units or Treasury Units, of the Remarketing. Such notices will set forth:

(1) the Interest Payment Dates and Regular Record Dates that will apply after the Remarketing Settlement Date;

(2) the modifications to the terms of the Debentures, if any, effected pursuant to Section 2.2(a);

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(3) the procedures a beneficial owner must follow if it holds Debentures that are Separate Debentures to elect to participate in the Remarketing; and  
(4) the procedures a beneficial owner must follow to exercise its Put Right in the event such Remarketing is a Failed Remarketing if such beneficial owner holds Debentures that are Separate Debentures.

(ii) On the Remarketing Period Start Date, all outstanding Debentures included in Corporate Units will be tendered or be deemed tendered to the Remarketing Agent for Remarketing. Each Holder of Debentures included in Corporate Units, by purchasing such Debentures agrees to have such Debentures remarketed on any Remarketing Date and authorizes the Remarketing Agent to take any and all action on its behalf necessary to effect the Remarketing.

(iii) Each Holder of Debentures that are Separate Debentures may elect to have such Holder's Debentures remarketed in the Remarketing in accordance with Section 5.02 of the Purchase Contract Agreement.

(iv) If the Remarketing on any Remarketing Date is Successful, then on the Remarketing Settlement Date the Collateral Agent shall deliver to the Remarketing Agent the Debentures included in the Corporate Units and the Custodial Agent shall deliver to the Remarketing Agent the Debentures the Holders of which have made the election referred to in clause (iii) above, and the Remarketing Agent shall deduct the Remarketing Agent's Fee to which it is entitled as provided in Section 2.1(p)(i) from the proceeds of such Remarketing and remit the remaining proceeds in accordance with Section 2.1(p)(i)(3) for application as provided therein.

(v) If by 4:00 p.m., New York City time, on any Remarketing Date the Remarketing Agent has found buyers for all of the Debentures offered in the Remarketing in accordance with this Section 2.1(p), a Successful Remarketing shall be deemed to have occurred.

(vi) If, by 4:00 p.m., New York City time, on the last day of the Remarketing Period, the Remarketing Agent is unable to find buyers for all of the Debentures offered in the Remarketing in accordance with this Section 2.1(p), such Remarketing shall be deemed to be a "Failed Remarketing."

(vii) The Company shall notify, or cause the Trustee to notify, the Holders of the Debentures of a Successful Remarketing promptly

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following the Remarketing Settlement Date, and shall cause a notice of any Failed Remarketing to be published on the Business Day following the last day of the Remarketing Period, by publication in a daily newspaper in the English language of general circulation in New York City, which is expected to be *The Wall Street Journal*.

(viii) The right of each Holder (whether of Separate Debentures or of Debentures included in Corporate Units) to have its Debentures remarketed and sold in connection with any Remarketing shall be limited to the extent that (i) the Remarketing Agents conduct a Remarketing pursuant to the terms of the Remarketing Agreement, (ii) the Remarketing Agents are able to find a purchaser or purchasers for the Debentures offered in the Remarketing in accordance with this Section 2.1(p) and the Remarketing Agreement, and (iii) the purchaser or purchasers deliver the purchase price therefor to the Remarketing Agent as and when required.

(ix) Neither the Company nor the Remarketing Agents shall be obligated in any case to provide funds to make payment upon tender of Debentures for Remarketing.

## **Section 2.2 Company's Election to Change Certain Terms**

(a) The Company may, without the consent of any Holders of Debentures, in consultation with the Remarketing Agents, elect at any time at least 30 days prior to the Remarketing Period Start Date, but on one occasion only:

(i) to change the maturity of principal of the Debentures to a date that is earlier than August 1, 2041; *provided, however*, that the maturity of principal of the Debentures may not be changed to a date earlier than August 1, 2013;

(ii) to change the terms of the Debentures to eliminate the Company's right to redeem the Debentures at its option or to specify a date, which may not be earlier than August 1, 2013, on and after which the Debentures will be redeemable at the Company's option either in whole or in part (as elected by the Company) or to modify the definition of "Make-Whole Redemption Price" or to provide that the Redemption Price shall be equal to the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest to the Redemption Date; or

(iii) to provide that the Debentures shall bear interest at a floating rate equal to the applicable index (the "Base Rate") plus a Reset Spread to be determined in accordance with Section 2.1(p), in which case the Company may also elect to modify the business day and day count conventions set forth in Section 2.1(e) to conform to market practice for floating-rate debentures bearing interest at a rate determined by reference to such index.

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(b) The Company shall make the elections provided for in Section 2.2(a), as applicable, by giving irrevocable written notice of such elections to the Trustee. Any election under Sections 2.2(a)(i) and 2.2(a)(ii) shall be effective when made, and any such election under Section 2.2(a)(iii) shall be effective on the Remarketing Settlement Date.

(c) In the case of a Successful Remarketing, on or after the Remarketing Settlement Date the Debentures will cease to be subordinated and the provisions of Section 2.1(k) shall not apply. In the case of a Failed Remarketing, the Debentures will remain subordinated to Senior Debt and Section 2.1(k) will continue to apply.

### **Section 2.3 Tax Treatment**

(a) The Company agrees, and by acceptance of a Corporate Unit, each holder of a Corporate Unit will be deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such holder) (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of the applicable ownership interest in the Debenture and the Other Debentures and the Stock Purchase Contract constituting the Corporate Unit, (2) to treat the Debenture as indebtedness for United States federal, state and local income and franchise tax purposes, (3) if such holder purchased the Corporate Unit in the initial offering for \$75, to allocate \$25 to the undivided beneficial ownership interests in the Debenture and each Other Debenture and \$0 to the Stock Purchase Contract included in a Corporate Unit, and (4) to treat the Debenture as a “variable rate debt instrument” for U.S. federal income tax purposes.

(b) Any payment (including cash or property) and original issue discount under the terms of this Eighth Supplemental Indenture shall be subject to withholding and backup withholding of tax as required by law. Any such withholding and backup withholding shall be treated as if made to the intended recipient in full compliance with the terms hereof.

## **ARTICLE THREE MISCELLANEOUS**

### **Section 3.1 Relationship to Existing Indenture**

The Eighth Supplemental Indenture is a supplemental indenture within the meaning of the Indenture. The Indenture, as supplemented and amended by this Eighth Supplemental Indenture, is in all respects ratified, confirmed and approved and, with respect to the Debentures, the Indenture, as supplemented and amended by this Eighth Supplemental Indenture, shall be read, taken and construed as one and the same instrument.

EIGHTH SUPPLEMENTAL INDENTURE

**Section 3.2 Modification of the Existing Indenture**

Except as expressly modified by this Eighth Supplemental Indenture, the provisions of the Indenture shall govern the terms and conditions of the Debentures.

**Section 3.3 Governing Law**

This instrument shall be governed by and construed in accordance with the laws of the State of New York.

**Section 3.4 Counterparts**

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

**Section 3.5 Trustee Makes No Representation**

The recitals contained herein are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Eighth Supplemental Indenture (except for its execution thereof and its certificates of authentication of the Debentures).

EIGHTH SUPPLEMENTAL INDENTURE

IN WITNESS WHEREOF, the parties hereto have caused this Eighth Supplemental Indenture to be duly executed all as of the day and year first above written.

AMERICAN INTERNATIONAL GROUP, INC.

By /s/ Robert A. Gender

Name: Robert A. Gender

Title: Vice President and Treasurer

THE BANK OF NEW YORK,

*as Trustee*

By /s/ Sherma Thomas

Name: Sherma Thomas

Title: Assistant Treasurer

EIGHTH SUPPLEMENTAL INDENTURE

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[Include if this Security is a Global Security — THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

**AMERICAN INTERNATIONAL GROUP, INC.  
5.89% SERIES B-3 JUNIOR SUBORDINATED DEBENTURES**

No.  
\$

CUSIP No.: 026874 BQ9  
ISIN: US026874BQ98

American International Group, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the “Company”, which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) [Include in Global Security and in Pledged Debenture — the principal sum as set forth on the Schedule of Increases or Decreases in Security attached hereto, which shall not exceed [ ]] on August 1, 2041, and to pay interest on said principal sum from May 16, 2008 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, subject to deferral as set forth herein, in arrears at a rate (i) of 5.89% *per annum* on February 1, May 1, August 1 and November 1 (each such date, an “Interest Payment Date”), commencing August 1, 2008, to but not including the earlier of the repayment of the outstanding principal amount of this Security and the Remarketing Settlement Date and (ii) if the Remarketing Settlement Date occurs, equal to the Reset Rate from and including the Remarketing Settlement Date, on each February 1 and August 1, or if the Company has elected that this Security will bear interest at a floating rate after the Remarketing Settlement Date, equal to the Base Rate *plus* the Reset Spread, on each February 1, May 1, August 1 and November 1, subject to adjustment as provided herein, commencing with the first such date to occur after the Remarketing Settlement Date, until the principal hereof shall have become due and payable, and on any overdue principal and premium, if any, and (without duplication and to the extent

SERIES B-3 DEBENTURE

that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate *per annum* compounded on each Interest Payment Date. The amount of interest payable on any Interest Payment Date shall, except as provided herein, be computed (i) for any full quarterly or semi-annual period on the basis of a 360-day year comprised of twelve 30-day months, (ii) for any period shorter than a full quarterly or semi-annual period, on the basis of a 30-day month and, for (iii) any period less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay). The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the Regular Record Date for such interest installment, which shall be the close of business on the 15<sup>th</sup> day of the month prior to the month in which the Interest Payment Date falls, whether or not a Business Day or such other date as the Company may specify. Any such interest installment not punctually paid or duly provided for (other than Deferred Interest) shall forthwith cease to be payable to the registered Holders on such Regular Record Date and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such Defaulted Interest, notice whereof shall be given to the registered Holders of this series of Securities not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Until the Remarketing Settlement Date, if any, the indebtedness evidenced by this Security is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior Debt of the Company, and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by, such provisions, (b) authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his or her attorney-in-fact for any and all such purposes. Each Holder hereof, by his or her acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Debt of the Company, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

The Company shall have the right, at any time and from time to time, prior to August 1, 2011 to defer the payment of interest on this Security for one or more consecutive Interest Periods as described on the reverse hereof. The Company shall give written notice to the Trustee and the Holders of this Security of its election to begin any Deferral Period at least one Business Day prior to the Regular Record Date for that Interest Payment Date, *provided, however*, that the Company's failure to pay any interest

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due within five Business Days after any Interest Payment Date occurring prior to the Third Stock Purchase Date shall automatically and without any further action by any Person be deemed to commence a Deferral Period.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer of immediately available funds to an account designated by the Holder of this Security.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

SERIES B-3 DEBENTURE

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated:

AMERICAN INTERNATIONAL GROUP, INC.

By: \_\_\_\_\_  
Name:  
Title:

Attest:

\_\_\_\_\_  
[Secretary or Assistant Secretary]

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

THE BANK OF NEW YORK,  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

SERIES B-3 DEBENTURE

(SIGNATURE PAGE FOR SECURITY)

---

**REVERSE OF SECURITY**

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under a Junior Subordinated Debt Indenture, dated as of March 13, 2007 (herein called the "Base Indenture"), as supplemented by a Eighth Supplemental Indenture, dated as of May 16, 2008 (herein called the "Eighth Supplemental Indenture" and, together with the Base Indenture, the "Indenture"), in each case, between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Debt and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof limited in aggregate principal amount to \$1,960,000,000 (except for Securities authenticated and delivered upon registration or transfer of, or exchange for, or in lieu of, other Securities pursuant to Section 304, 305, 306, 906 or 1107 of the Base Indenture or 2.1(n) or 2.1(p) of the Eighth Supplemental Indenture).

All terms used in this Security that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Securities of this series are subject to redemption on or after August 1, 2013, in whole or in part, upon not less than 30 days nor more than 60 days' prior notice by first class mail, postage pre-paid, to each Holder of Securities to be redeemed, at a Redemption Price equal to the greater of 100% of the principal amount thereof and the Make-Whole Redemption Price, plus, in either case, accrued and unpaid interest, if any, to the Redemption Date.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor and of an authorized denomination for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Company may elect at any time at least 30 days prior to the Remarketing Period Start Date, but on one occasion only:

(i) to change the maturity of principal of this Security to a date that is earlier than August 1, 2041; *provided, however*, that the maturity of principal of this Security may not be changed to a date earlier than August 1, 2013;

(ii) to change the terms of this Security to eliminate the Company's right to redeem this Security at its option or to specify a date that may not be earlier than August 1, 2013 on and after which this Security will be redeemable at the Company's option either in whole or in part (as elected by the Company) or to modify the definition of Make-Whole Redemption Price or to provide that the

SERIES B-3 DEBENTURE

Redemption Price shall be equal to the principal amount of this Security to be redeemed, plus accrued and unpaid interest to the Redemption Date; or

(iii) to provide that this Security shall bear interest at a floating rate equal to the applicable index plus a Reset Spread determined in accordance with Section 2.1(p) of the Eighth Supplemental Indenture, in which case the Company may also elect to modify the business day and day count conventions set forth in Section 2.1(e) of the Eighth Supplemental Indenture to conform to market practice for floating-rate debentures bearing interest at a rate determined by reference to such index.

The elections set forth in clauses (i) and (ii) of the preceding paragraph shall become effective immediately upon the Trustee's receipt of such notice and the election set forth in clause (iii) above shall become effective on the Remarketing Settlement Date.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of each series affected at the time Outstanding, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities; *provided, however*, that, except as provided above and in the Eighth Supplemental Indenture, no such supplemental indenture shall (i) extend the fixed maturity of any Securities of any series, or reduce the principal amount thereof, reduce the rate or extend the time of payment of interest thereon, reduce any premium payable upon the redemption thereof, modify the right of Holders of Securities that are Separate Debentures to require the Company to purchase such Securities upon a Failed Remarketing, or modify the provisions of the Indenture relating to the Remarketing of the Securities, without the consent of the Holder of each Security so affected, or (ii) reduce the aforesaid percentage of Securities the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of each Security then outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding affected thereby, on behalf of all of the Holders of the Securities of such series, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture with respect to such series, and its consequences, except a default in the payment of the principal of or premium, if any, or interest (subject to the Company's right to defer interest payments) on any of the Securities of such series. Any such consent or waiver by the registered Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Security and of any Security issued in exchange herefor or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Security.

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No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest (subject to the Company's right to defer interest payments) on this Security at the time and place and at the rate and in the money herein prescribed.

The Company shall have the right, at any time and from time to time prior to August 1, 2011, to defer the payment of interest on the Securities for one or more consecutive Interest Periods; *provided* that no Deferral Period shall extend beyond August 1, 2011 (such interest referred to as "Deferred Interest"). Deferred Interest will accrue interest at the rate of 5.89% *per annum* compounded on each Interest Payment Date. The Company agrees that (A) until August 1, 2011, (x) if an Event of Default has occurred and is continuing, (y) the Company has given notice of its election to defer interest payments but the Deferral Period has not yet commenced or (z) a Deferral Period is continuing, (B) the Company has given notice of its election to defer Contract Adjustment Payments but the related deferral period has not yet commenced or a deferral period is continuing with respect to such Contract Adjustment Payments, or (C) Additional Debentures are outstanding, the Company shall not, and shall not permit any Subsidiary, subject to the exceptions specified below, to: (a) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any Capital Stock of the Company, (b) make any payment of principal of, or interest or premium, if any, on, or repay, purchase or redeem any debt securities of the Company that rank *pari passu* with, or junior to, this Security or (c) make any payments with respect to any Guarantee by the Company of securities of any Subsidiary if such Guarantee ranks *pari passu* with, or junior to, this Security. The Company may pay Deferred Interest (together with compounded interest thereon, if any, to the extent permitted by applicable law) to the Holder at any time either in the form of cash or in the form of Additional Debentures having a principal amount equal to the amount of accrued but unpaid Deferred Interest on the date of issuance and maturing on the later of August 1, 2014 and the date five years after the date of commencement of the Deferral Period; *provided, however*, that the Company must pay any accrued but unpaid Deferred Interest to the Holder either in the form of cash or in the form of Additional Debentures on the Third Stock Purchase Date, whether or not such Holder participates in the Remarketing. Deferred Interest paid on any Interest Payment Date shall be payable to the Person in whose name the Debentures are registered at the close of business on the Regular Record Date next preceding such Interest Payment Date, *provided* that the Company may establish a Special Record Date for any Deferred Interest to be paid on a date other than an Interest Payment Date and Holders on that Special Record Date shall be entitled to payment of the Deferred Interest. Upon termination of any Deferral Period and upon the payment of all Deferred Interest and any compounded interest then due on any Interest Payment Date, the Company may elect to begin a new Deferral Period.

The restrictions on payments do not apply to (a) purchases, redemptions or other acquisitions of shares of the Company's Capital Stock in connection with (1) any Employee Benefit Plan or the Assurance Agreement or (2) a dividend reinvestment, stock

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purchase plan or other similar plan, (b) any exchange or conversion of any class or series of the Company's Capital Stock (or the Capital Stock of any Subsidiary) for any class or series of the Company's Capital Stock or of any class or series of Indebtedness of the Company for any class or series of the Company's Capital Stock, (c) the purchase of fractional interests in shares of the Capital Stock of the Company in accordance with the conversion or exchange provisions of the Company's Capital Stock or the security or instrument being converted or exchanged, (d) any declaration of a dividend in connection with any stockholders' right plan, or the issuance of rights, equity securities or other property under any stockholders' right plan, or the redemption or repurchase of rights in accordance with any stockholders' rights plan, (e) any dividend in the form of equity securities, warrants, options or other rights where the dividend stock or the stock issuable upon exercise of the warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks *pari passu* with or junior to such equity securities, (f) any payment during a Deferral Period of current or deferred interest in respect of any debt securities of the Company that rank *pari passu* with the Debentures that is made *pro rata* to the amounts due on *pari passu* securities and the Debentures, (g) any payments of deferred interest or principal on such *pari passu* securities that, if not made, would cause the Company to breach the terms of the instrument governing such *pari passu* securities, (h) the repurchase of any debt securities of the Company that rank *pari passu* with this Security in exchange for common stock in connection with a failed remarketing or similar event, any payment of deferred interest on any such debt securities in the form of additional debentures that will rank *pari passu* with this Security and the repayment of any such additional debentures at maturity or (i) any repayment or redemption of a security necessary to avoid a breach of the instrument governing that security.

After the Third Stock Purchase Date, so long as this Security bears interest at a fixed rate of interest, this Security will be subject to defeasance of the entire indebtedness of this Security and of certain restrictive covenants and events of default, in each case upon compliance with certain conditions set forth in the Indenture.

After the Third Stock Purchase Date, the Securities of this series will be entitled to the benefits of the Events of Default described in the Base Indenture. Until the Third Stock Purchase Date, the Securities of this series are entitled to the Events of Default specified in the Eighth Supplemental Indenture.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default, as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time outstanding a direction inconsistent with such request, and shall have failed to

SERIES B-3 DEBENTURE

institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or, to the extent provided in Section 2.1(g) of the Eighth Supplemental Indenture, interest hereon on or after the respective due dates.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Company agrees, and by acceptance of a Corporate Unit, each holder of a Corporate Unit will be deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such holder) (1) for United States federal, state and local income and franchise tax purposes to treat the acquisition of a Corporate Unit as the acquisition of the applicable ownership interest in this Security and the Other Debentures and the Stock Purchase Contract constituting the Corporate Unit, (2) to treat this Security as indebtedness for United States federal, state and local income and franchise tax purposes, (3) if such holder purchased the Corporate Unit in the initial offering for \$75, to allocate \$25 to the undivided beneficial ownership interests in this Security and each Other Debenture and \$0 to the Stock Purchase Contract included in a Corporate Unit, and (4) to treat this Security as a "variable rate debt instrument" for U.S. federal income tax purposes.

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THE BASE INDENTURE, THE EIGHTH SUPPLEMENTAL INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SERIES B-3 DEBENTURE



## ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM:	as tenants in common
UNIF GIFT MIN ACT:	_____ Custodian _____ (Cust) (Minor)
TEN ENT:	as tenants by the entireties
JT TEN:	as joint tenants with right of survivorship and not as tenants in common
Under Uniform Gifts to Minors Act (State)	

Additional abbreviations may also be used though not in the above list.

SERIES B-3 DEBENTURE

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

---

(Please insert Social Security or Taxpayer I.D. or other Identifying Number of Assignee)

---

(Please print or type name and address including Postal Zip code of Assignee)

the within Debenture and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_Attorney, to transfer said Debenture on the books of the Security Registrar, with full power of substitution in the premises.

Dated: Signature\_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Debenture in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee: \_\_\_\_\_

SERIES B-3 DEBENTURE

**[TO BE ATTACHED TO GLOBAL CERTIFICATES AND PLEDGED DEBENTURES]  
SCHEDULE OF INCREASES OR DECREASES IN SECURITY**

The initial principal amount of Securities represented by this [Global] Security is \$ . The following increases or decreases in this [Global] Security have been made:

Date	Amount of increase in principal amount of this Security	Amount of decrease in principal amount of this Security	Principal amount of this Security following such decrease or increase	Signature of authorized signatory of [Security Registrar] [Collateral Agent]
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

SERIES B-3 DEBENTURE

**PURCHASE CONTRACT AGREEMENT**

between

**AMERICAN INTERNATIONAL GROUP, INC.**

and

**THE BANK OF NEW YORK**  
as Purchase Contract Agent

Dated as of May 16, 2008

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**PURCHASE CONTRACT AGREEMENT**, dated as of May 16, 2008, between American International Group, Inc., a Delaware corporation (the “*Company*”), and The Bank of New York, a New York banking corporation, acting as purchase contract agent for the Holders of Equity Units (as defined herein) from time to time (the “*Purchase Contract Agent*”).

#### RECITALS

The Company has duly authorized the execution and delivery of this Agreement and the Certificates (as defined herein) evidencing the Equity Units.

All things necessary to make the Stock Purchase Contracts (as defined herein), when the Certificates are executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent, as provided in this Agreement, the valid and legally binding obligations of the Company have been done. For and in consideration of the premises and the purchase of the Equity Units by the Holders thereof, it is mutually agreed as follows:

#### ARTICLE I

##### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

###### **Section 1.01** *Definitions.*

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article I have the meanings assigned to them in this Article I and include the plural as well as the singular, and nouns and pronouns of the masculine gender include the feminine and neuter genders;
- (b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States as in effect at the time of the calculation to be made;
- (c) all references to an Article, Section or other subdivision or Exhibit refer to an Article, Section or other subdivision of, or Exhibit to, this Agreement;
- (d) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Exhibit or other subdivision; and
- (e) the following terms have the meanings given to them in this Section 1.01(e):

“*Additional Debentures*” means junior subordinated debentures of the Company that will be issued pursuant to the Base Indenture, in the Company’s sole discretion, as provided in Section 5.11(c)(ii).

“*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

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securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Agreement*” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more agreements supplemental hereto entered into pursuant to the applicable provisions hereof.

“*Applicable Market Value*” means, with respect to any Stock Purchase Date, the average of the VWAP per share of Common Stock (or Exchange Property Units in which the Stock Purchase Contracts will be settled following a Reorganization Event) on each of the 20 consecutive Trading Days in the applicable Observation Period. For purposes of calculating the Exchange Property Unit value, (x) the value of any common stock included in the Exchange Property Unit will be determined using the average of the VWAP per share of such common stock on each of the 20 consecutive Trading Days in the applicable Observation Period, and (y) the value of any other property, including securities other than common stock, included in the Exchange Property Unit will be the value of such property on the first Trading Day of the applicable Observation Period (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution).

“*Bankruptcy Code*” means Title 11 of the United States Code, or any other law of the United States that from time to time provides a uniform system of bankruptcy laws.

“*Base Indenture*” means the Junior Subordinated Debt Indenture, dated as of March 13, 2007, between the Company and the Trustee, as amended or supplemented from time to time.

“*Beneficial Owner*” means, with respect to a Book-Entry Interest, a Person who is the beneficial owner of such Book-Entry Interest as reflected on the books of the Depository or on the books of a Person maintaining an account with such Depository (directly as a Depository Participant or as an indirect participant, in each case in accordance with the rules of such Depository).

“*Blackout Period*” means any period following the close of business on the second Business Day immediately preceding the first day of any Remarketing Period for any series of Debentures and ending on the last day of such Remarketing Period or, if a Successful Remarketing occurs during such Remarketing Period, the applicable Stock Purchase Date.

“*Board of Directors*” means the board of directors of the Company or a duly authorized committee of that board.

“*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 Purchase Contract Agent.

“*Book-Entry Interest*” means a beneficial interest in a Global Certificate, registered in the name of a Depository or a nominee thereof, ownership and transfers of which shall be maintained and made through book entries by such Depository as described in Section 3.07.

“*Business Day*” means a day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in New York City are authorized or required by any applicable law to close.

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“*Certificate*” means a Corporate Unit Certificate or a Treasury Unit Certificate.

“*Closing Price*” of the Common Stock on any date of determination means the last reported sale price of the Common Stock on the NYSE on that date. If the Common Stock is not listed for trading on the NYSE on any date of determination, the closing price of the Common Stock on such date of determination means the closing sale price as reported in the composite transactions for the principal U.S. securities exchange on which the Common Stock is listed, or, if the Common Stock is not so reported, the market value of the Common Stock on that date as determined by a nationally recognized independent investment banking firm retained by the Company for this purpose.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and administrative guidance and the regulations promulgated thereunder.

“*Collateral Agent*” means Wilmington Trust Company, as Collateral Agent under the Pledge Agreement until a successor Collateral Agent shall have become appointed as such pursuant to the applicable provisions of the Pledge Agreement, and thereafter “*Collateral Agent*” shall mean the Person who is then the Collateral Agent thereunder.

“*Collateral Substitution*” means (i) with respect to Corporate Units, the substitution of the Pledged Debentures included in such Corporate Units with the applicable Qualifying Treasury Securities in an aggregate principal amount at maturity equal to the aggregate Principal Amount of such Pledged Debentures, or (ii) with respect to Treasury Units, the substitution for the Pledged Treasury Securities included in such Treasury Units with the applicable Debentures in an aggregate Principal Amount equal to the aggregate principal amount at maturity of the Pledged Treasury Securities.

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

“*Company*” means the Person named as the “Company” in the first paragraph of this Agreement until a successor shall have become such pursuant to the applicable provision of this Agreement, and thereafter “Company” shall mean such successor.

“*Contract Adjustment Payments*” means the payments payable by the Company in arrears on the Payment Dates in respect of each Stock Purchase Contract that are accrued but unpaid prior to each such date:

(i) from and including May 16, 2008 to but excluding the First Stock Purchase Date, at the annual rate of 2.7067% on the initial Stated Amount of \$75 per Stock Purchase Contract;

(ii) from and including the First Stock Purchase Date to but excluding the Second Stock Purchase Date, at the annual rate of 2.6450% on the adjusted Stated Amount of \$50 per Stock Purchase Contract; and

(iii) from and including the Second Stock Purchase Date to but excluding the Third Stock Purchase Date, at the annual rate of 2.6100% on the adjusted Stated Amount of \$25 per Stock Purchase Contract.

“*Corporate Trust Office*” means the principal office of the Purchase Contract Agent at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 101 Barclay Street, Floor 8 West, New York, New York 10286, Attention: Corporate Trust

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Administration, or such other address as the Purchase Contract Agent may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Purchase Contract Agent (or such other address as such successor Purchase Contract Agent may designate from time to time by notice to the Holders and the Company).

“*Corporate Unit*” means the collective rights and obligations of a Holder of a Corporate Unit Certificate in respect of:

- (i) (1) at all times prior to the First Stock Purchase Date or, if earlier, the First Remarketing Settlement Date, a 1/40 undivided beneficial interest in a Series B-1 Debenture,
  - (2) at all times prior to the Second Stock Purchase Date or, if earlier, the Second Remarketing Settlement Date, a 1/40 undivided beneficial interest in a Series B-2 Debenture,
  - (3) at all times prior to the Third Stock Purchase Date or, if earlier, the Third Remarketing Settlement Date, a 1/40 undivided beneficial interest in a Series B-3 Debenture, and
  - (4) after the Remarketing Settlement Date for any series of Debentures and prior to the applicable Stock Purchase Date, the undivided beneficial ownership interest corresponding to one Corporate Unit in the Treasury Portfolio purchased with the net proceeds of the Remarketing, and
- (ii) the related Stock Purchase Contract.

The Debentures comprising part of a Corporate Unit at any time are referred to as the “*applicable series of Debentures*.”

“*Corporate Unit Certificate*” means a certificate evidencing the rights and obligations of a Holder in respect of the number of Corporate Units specified on such certificate.

“*Current Market Price*” means, in respect of a share of Common Stock on any day of determination, the average of the VWAP per share of Common Stock over each of the 10 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.

“*Custodial Agent*” means Wilmington Trust Company, as Custodial Agent under the Pledge Agreement until a successor Custodial Agent shall have become such pursuant to the applicable provisions of the Pledge Agreement, and thereafter “Custodial Agent” shall mean the Person who is then the Custodial Agent thereunder.

“*Debentures*” means, collectively, the Series B-1 Debentures, the Series B-2 Debentures and the Series B-3 Debentures.

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“*Depository*” means a clearing agency registered under Section 17A of the Exchange Act that is designated to act as Depository for the Equity Units as contemplated by Sections 3.07 and 3.08 or its nominee.

“*Depository Participant*” means a broker, dealer, bank, other financial institution or other Person for whom from time to time the Depository effects book entry transfers and pledges of securities deposited with the Depository.

“*DTC*” means The Depository Trust Company.

“*Equity Units*” means Corporate Units or Treasury Units, as applicable.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

“*Exchange Act*” means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time, and the rules and regulations promulgated thereunder.

“*Failed Remarketing*,” in respect of a series of Debentures, has the meaning set forth in the applicable Supplemental Indenture.

“*First Qualifying Treasury Security*” means a zero-coupon U.S. Treasury security (CUSIP No. 912820GC5) having a principal amount of \$1,000 and maturing on February 15, 2011.

“*First Remarketing Settlement Date*” means the third Business Day immediately succeeding the date of a Successful Remarketing of the Series B-1 Debentures.

“*First Stock Purchase Date*” means February 15, 2011.

“*Fixed Settlement Rates*” means the Maximum Settlement Rate and the Minimum Settlement Rate, collectively.

“*Global Certificate*” means a Certificate that evidences all or part of the Equity Units and is registered in the name of the Depository or a nominee thereof.

“*Holder*” means, with respect to an Equity Unit, the Person in whose name the Equity Unit evidenced by a Certificate is registered in the Security Register.

“*Indenture*” means, with respect to any series of Debentures, the Base Indenture and the applicable Supplemental Indenture, taken together.

“*Interest Payment Date*” for each series of Debentures means the Interest Payment Date set forth in the applicable Supplemental Indenture.

“*Issuer Order*” or “*Issuer Request*” means a written order or request signed in the name of the Company by its Chairman, its President, a Senior Vice President or a Vice President and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Purchase Contract Agent.

“*Make-Whole Shares*” means, with respect to a Cash Merger Early Settlement, a number of shares of Common Stock (for the purpose of this definition, the “*make-whole share amount*”) determined for each Stock Purchase Contract being settled by reference to the table below based on the date on which the Cash Merger becomes effective (for the purposes of this definition, the “*effective date*”) and the price (for the purposes of this definition, the “*stock price*”) paid per share for Common Stock in such Cash Merger. If holders of Common Stock receive only cash in such transaction, the stock price shall be the cash amount paid per share. Otherwise, the stock price shall be the average of the Closing Prices per share of Common Stock on each of the 20 consecutive Trading Days ending on the Trading Day immediately preceding the effective date of such Cash Merger.

Effective Date	Stock Prices										
	\$10.00	\$20.00	\$30.00	\$38.00	\$40.00	\$45.60	\$50.00	\$60.00	\$70.00	\$80.00	\$120.00
May 12, 2008	1.3942	0.5204	0.1887	0.0000	0.1127	0.2722	0.2385	0.1711	0.1252	0.0927	0.0274
May 1, 2009	1.0158	0.3821	0.1118	0.0000	0.0574	0.2274	0.1949	0.1360	0.0970	0.0702	0.0188
May 1, 2010	0.5516	0.2212	0.0350	0.0000	0.0035	0.1707	0.1370	0.0860	0.0565	0.0387	0.0090
February 15, 2011	0.1389	0.0618	0.0069	0.0000	0.0000	0.0841	0.0532	0.0234	0.0132	0.0089	0.0021
February 16, 2011	0.1374	0.0611	0.0067	0.0000	0.0000	0.0851	0.0528	0.0232	0.0131	0.0088	0.0021
May 1, 2011	0.0582	0.0261	0.0038	0.0000	0.0000	0.0393	0.0263	0.0092	0.0049	0.0033	0.0006
May 2, 2011	0.0527	0.0238	0.0026	0.0000	0.0000	0.0359	0.0232	0.0087	0.0046	0.0032	0.0007
August 1, 2011	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The stock prices and make-whole share amounts set forth in the table shall be subject to adjustment as set forth in Section 5.04(a).

If the exact stock price and effective date applicable to a Cash Merger is not set forth on the table, then:

- (i) if the stock price is between two stock price amounts on the table or the effective date is between two dates on the table, the amount of Make-Whole Shares shall be determined by straight line interpolation between the make-whole share amounts set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 360-day year;
- (ii) if the stock price is in excess of \$120.00 per share (subject to adjustment as set forth in Section 5.04(a)), then the make-whole share amount shall be zero; and
- (iii) if the stock price is less than \$10.00 per share (subject to adjustment as set forth in Section 5.04(a)), for purposes of this definition the “*minimum stock price*,” then the make-whole share amount shall be determined as if the stock price equaled the minimum stock price, using straight line interpolation, as described under (i) above, if the effective date is between two dates on the table.

“*Maximum Settlement Rate*” means 0.6579, which is approximately equal to \$25 divided by the Reference Price, as adjusted from time to time pursuant to Section 5.04.

“*Minimum Settlement Rate*” means 0.54823, which is approximately equal to \$25 divided by the Threshold Appreciation Price, as adjusted from time to time pursuant to Section 5.04.

“*NYSE*” means The New York Stock Exchange, Inc.

“*Observation Period*” means, with respect to any Stock Purchase Date or Cash Merger Early Settlement Date, the 20 consecutive Trading Day period ending on the third Trading Day immediately preceding such Stock Purchase Date or Cash Merger Early Settlement Date.

“*Officers’ Certificate*” means a certificate signed by the Company’s Chairman or a Vice Chairman of the Board, its President, a Senior Vice President or a Vice President and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Purchase Contract Agent.

“*Opinion of Counsel*” means a written opinion of counsel, who may be counsel to the Company (and who may be an employee of the Company). An Opinion of Counsel may rely on certificates as to matters of fact.

“*Outstanding Equity Units*” means, as of the date of determination, all Equity Units evidenced by Certificates theretofore authenticated, executed and delivered under this Agreement, except:

(i) if a Termination Event has occurred, (x) Corporate Units for which the underlying Debentures have been theretofore deposited with the Purchase Contract Agent in trust for the Holders of such Corporate Units and (y) Treasury Units;

(ii) Equity Units evidenced by Certificates theretofore cancelled by the Purchase Contract Agent or delivered to the Purchase Contract Agent for cancellation or deemed cancelled pursuant to the provisions of this Agreement; and

(iii) Equity Units evidenced by Certificates in exchange for or in lieu of which other Certificates have been authenticated, executed on behalf of the Holder and delivered pursuant to this Agreement, other than any such Certificate in respect of which there shall have been presented to the Purchase Contract Agent proof satisfactory to it that such Certificate is held by a protected purchaser (within the meaning of the UCC) in whose hands the Equity Units evidenced by such Certificate are valid obligations of the Company;

*provided, however*, that in determining whether the Holders of the requisite number of the Equity Units have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Equity Units owned by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding Equity Units, except that, in determining whether the Purchase Contract Agent shall be authorized and protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Equity Units that a Responsible Officer of the Purchase Contract Agent actually knows to be so owned shall be so disregarded. Equity Units so owned that have been pledged in good faith may be regarded as Outstanding Equity Units if the pledgee establishes to the satisfaction of the Purchase Contract Agent the pledgee’s right so to act with respect to such Equity Units and that the pledgee is not the Company or any Affiliate of the Company. “*Outstanding Corporate Units*” means Corporate Units that are Outstanding Equity Units, and “*Outstanding Treasury Units*” means Treasury Units that are Outstanding Equity Units.

“*Payment Date*” means each February 1, May 1, August 1 and November 1 of each year, commencing August 1, 2008.

“*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.

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“*Plan*” means an employee benefit plan that is subject to ERISA, a plan or individual retirement account that is subject to Section 4975 of the Code or any entity whose assets are considered assets of any such plan.

“*Pledge*” means the pledge under the Pledge Agreement of the Debentures, the Pledged Treasury Portfolio or the Qualifying Treasury Securities, as the case may be, in each case constituting a part of the Equity Units.

“*Pledge Agreement*” means the Pledge Agreement, dated as of the date hereof, among the Company, Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary, and the Purchase Contract Agent, on its own behalf and as attorney-in-fact for the Holders from time to time of the Equity Units, as amended from time to time.

“*Predecessor Corporate Unit Certificate*,” of any particular Corporate Unit Certificate, means every previous Corporate Unit Certificate evidencing all or a portion of the rights and obligations of the Company and the Holder under the Corporate Units evidenced thereby; and, for the purposes of this definition, any Corporate Unit Certificate authenticated and delivered under Section 3.10 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Corporate Unit Certificate shall be deemed to evidence the same rights and obligations of the Company and the Holder as the mutilated, destroyed, lost or stolen Corporate Unit Certificate.

“*Predecessor Treasury Unit Certificate*,” of any particular Treasury Unit Certificate, means every previous Treasury Unit Certificate evidencing all or a portion of the rights and obligations of the Company and the Holder under the Treasury Units evidenced thereby; and, for the purposes of this definition, any Treasury Unit Certificate authenticated and delivered under Section 3.10 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Treasury Unit Certificate shall be deemed to evidence the same rights and obligations of the Company and the Holder as the mutilated, destroyed, lost or stolen Treasury Unit Certificate.

“*Principal Amount*” in respect of a series of Debentures, means the principal amount of such Debentures payable at the final stated maturity.

“*Prospectus*” means the prospectus relating to the delivery of shares or any securities in connection with an Early Settlement pursuant to Section 5.07 or a Cash Merger Early Settlement of Stock Purchase Contracts pursuant to Section 5.04(b)(ii), in the form in which first filed, or transmitted for filing, with the Securities and Exchange Commission after the effective date of the Registration Statement pursuant to Rule 424(b) under the Securities Act, including the documents incorporated by reference therein as of the date of such Prospectus.

“*Purchase Contract Agent*” means the Person named as the “Purchase Contract Agent” in the first paragraph of this Agreement until a successor Purchase Contract Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter “*Purchase Contract Agent*” shall mean such Person or any subsequent successor who is appointed pursuant to this Agreement.

“*Qualifying Treasury Securities*” means the First Qualifying Treasury Securities, the Second Qualifying Treasury Securities and the Third Qualifying Treasury Securities (each, a “*Qualifying Treasury Security*”), and “*applicable Qualifying Treasury Securities*” at any time means the Qualifying Treasury Securities comprising part of a Treasury Unit at such time.

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“*Quotation Agent*” means any primary U.S. government securities dealer in New York City selected by the Company.

“*Record Date*” for any distribution and Contract Adjustment Payment payable on any Payment Date means the 15th day of the calendar month preceding the calendar month in which the relevant Payment Date falls.

“*Reference Price*” means \$38.00.

“*Registration Statement*” means a registration statement under the Securities Act prepared by the Company covering, *inter alia*, the delivery by the Company of any securities in connection with an Early Settlement on the Early Settlement Date or a Cash Merger Early Settlement of Stock Purchase Contracts on the Cash Merger Early Settlement Date under Section 5.04(b)(ii), including all exhibits thereto and the documents incorporated by reference in the Prospectus contained in such registration statement, and any post-effective amendments thereto.

“*Remarketing*,” in respect of a series of Debentures, has the meaning set forth in the Supplemental Indenture related to that series of Debentures.

“*Remarketing Agent*”, in respect of a series of Debentures, has the meaning set forth in the Supplemental Indenture related to that series of Debentures.

“*Remarketing Agent’s Fee*,” in respect of a series of Debentures, has the meaning set forth in the Supplemental Indenture related to that series of Debentures.

“*Remarketing Agreement*” means a Remarketing Agreement, dated as of the date hereof, among the Company, Citigroup Global Markets Inc.; J.P. Morgan Securities Inc. and the Purchase Contract Agent, as amended from time to time.

“*Remarketing Period*,” in respect of a series of Debentures, means the 30-day period ending on the date that is not less than three Business Days prior to the date one month before the applicable Stock Purchase Date, as specified by the Company.

“*Remarketing Period Start Date*,” in respect of any Remarketing Period, means the first day of such Remarketing Period.

“*Remarketing Price per Debenture*” means, with respect to each \$1,000 Principal Amount of Debentures of any series, an amount in cash equal to the quotient of the Treasury Portfolio Purchase Price divided by the number of Debentures of such series, each \$1,000 Principal Amount of such Debentures being one Debenture, included in the applicable Remarketing that are held as components of Corporate Units.

“*Remarketing Settlement Date*” means, as applicable, the First Remarketing Settlement Date, the Second Remarketing Settlement Date or the Third Remarketing Settlement Date.

“*Responsible Officer*” shall mean, when used with respect to the Purchase Contract Agent, any officer within the corporate trust department of the Purchase Contract Agent, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Purchase Contract Agent who customarily performs functions similar to those performed by the Persons



who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Purchase Contract Agreement.

"*Second Qualifying Treasury Security*" means a zero-coupon U.S. Treasury security (CUSIP No. 912820NA1) having a principal amount of \$1,000 and maturing on April 30, 2011.

"*Second Remarketing Settlement Date*" means the third Business Day immediately succeeding the date of a Successful Remarketing of the Series B-2 Debentures.

"*Second Stock Purchase Date*" means May 1, 2011.

"*Securities Act*" means the Securities Act of 1933, and any statute successor thereto, in each case as amended from time to time, and the rules and regulations promulgated thereunder.

"*Securities Intermediary*" means Wilmington Trust Company, as Securities Intermediary under the Pledge Agreement until a successor Securities Intermediary shall have become such pursuant to the applicable provisions of the Pledge Agreement, and thereafter "*Securities Intermediary*" shall mean such successor or any subsequent successor who is appointed pursuant to the Pledge Agreement.

"*Separate Debentures*" means Debentures that are no longer a component of Corporate Units and are included in a Remarketing pursuant to Section 5.02(a)(iii).

"*Separate Debentures Purchase Price*" means, with respect to any Remarketing, the amount in cash equal to the product of (i) the Remarketing Price per Debenture and (ii) the number of Separate Debentures included in such Remarketing.

"*Series B-1 Debentures*" means the 5.67% Series B-1 Junior Subordinated Debentures due February 15, 2041 of the Company.

"*Series B-2 Debentures*" means the 5.82% Series B-2 Junior Subordinated Debentures due May 1, 2041 of the Company.

"*Series B-3 Debentures*" means the 5.89% Series B-3 Junior Subordinated Debentures due August 1, 2041 of the Company.

"*Series of Debentures*" means each of the Series B-1 Debentures, Series B-2 Debentures or Series B-3 Debentures.

"*Stated Amount*" means, with respect to any one Corporate Unit or Treasury Unit:

- (i) from and including May 16, 2008 to but excluding the First Stock Purchase Date, \$75.00;
- (ii) from and including the First Stock Purchase Date to but excluding the Second Stock Purchase Date, \$50.00; and
- (iii) from and including the Second Stock Purchase Date to but excluding the Third Stock Purchase Date, \$25.00.

“*Stock Purchase Contract*” means, with respect to any Equity Unit, the contract forming a part of such Equity Unit and obligating (i) the Company to sell, and the Holder of such Equity Unit to purchase, shares of Common Stock on each Stock Purchase Date and (ii) the Company to pay the Holder thereof Contract Adjustment Payments, in each case on the terms and subject to the conditions set forth in Article V.

“*Stock Purchase Date*” means, as applicable, the First Stock Purchase Date, the Second Stock Purchase Date or the Third Stock Purchase Date. When used in connection with any series of Debentures, the term “*applicable Stock Purchase Date*” means the First Stock Purchase Date in the case of the Series B-1 Debentures, the Second Stock Purchase Date in the case of the Series B-2 Debentures and the Third Stock Purchase Date in the case of the Series B-3 Debentures.

“*Successful*,” in respect of the Remarketing of a series of Debentures, has the meaning set forth in the applicable Supplemental Indenture.

“*Supplemental Indenture*” means:

- (i) with respect to the Series B-1 Debentures, the Sixth Supplemental Indenture to the Base Indenture;
- (ii) with respect to the Series B-2 Debentures, the Seventh Supplemental Indenture to the Base Indenture; and
- (iii) with respect to the Series B-3 Debentures, the Eighth Supplemental Indenture to the Base Indenture;

each dated as of the date hereof, between the Company and the Trustee, as amended or supplemented from time to time. When used in connection with any series of Debentures, the term “*applicable Supplemental Indenture*” means the Supplemental Indenture under which such series of Debentures is issued.

“*Termination Date*” means the date, if any, on which a Termination Event occurs.

“*Termination Event*” means the occurrence of any of the following events:

(i) at any time on or prior to the Third Stock Purchase Date, a judgment, decree or court order shall have been entered granting relief under the Bankruptcy Code, adjudicating the Company to be insolvent, or approving as properly filed a petition seeking reorganization or liquidation of the Company or any other similar applicable federal or state law and if such judgment, decree or order shall have been entered more than 60 days prior to the Third Stock Purchase Date, such decree or order shall have continued undischarged and unstayed for a period of 60 days;

(ii) at any time on or prior to the Third Stock Purchase Date, a judgment, decree or court order for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or of its property, or for the termination or liquidation of its affairs, shall have been entered and if such judgment, decree or order shall have been entered more than 60 days prior to the Third Stock Purchase Date, such judgment, decree or order shall have continued undischarged and unstayed for a period of 60 days; or

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(iii) at any time on or prior to the Third Stock Purchase Date, the Company shall file a petition for relief under the Bankruptcy Code, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or liquidation under the Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

“*Third Qualifying Treasury Security*” means a zero-coupon U.S. Treasury security (CUSIP No. 912820NK9) having a principal amount of \$1,000 and maturing on July 31, 2011.

“*Third Remarketing Settlement Date*” means the third Business Day immediately succeeding the date of a Successful Remarketing of the Series B-3 Debentures.

“*Third Stock Purchase Date*” means August 1, 2011.

“*Threshold Appreciation Price*” means \$45.60 per share of Common Stock.

“*Trading Day*” means a day on which the Common Stock (i) at the close of regular way trading (not including extended or after hours trading) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock at the close of business, 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.

“*Treasury Portfolio*” means, with respect to each Remarketing Settlement Date, a portfolio consisting of:

(i) U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the applicable Stock Purchase Date in an aggregate amount at maturity equal to the product of \$25 and the number of Corporate Units outstanding;

(ii) solely with respect to the First Remarketing Settlement Date, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the Interest Payment Date immediately succeeding the commencement of the Remarketing Period in an aggregate amount at maturity equal to the aggregate interest that would have accrued from and including the Interest Payment Date immediately preceding the commencement of the Remarketing Period to but excluding such Interest Payment Date (assuming no reset of the interest rate) on the aggregate Principal Amount of the Series B-1 Debentures equal to \$25 for each Corporate Unit outstanding; and

(iii) U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the applicable Stock Purchase Date in an aggregate amount at maturity equal to the aggregate interest that would have accrued from and including the applicable Interest Payment Date immediately preceding such Remarketing Settlement Date (or, solely with respect to the First Remarketing Settlement Date, immediately succeeding such Remarketing Settlement Date) to but excluding the applicable Stock Purchase Date (assuming no reset of the interest rate) on the

aggregate Principal Amount of the Series B-1 Debentures equal to \$25 for each Corporate Unit outstanding;

provided that if the Company in its sole discretion determines that such U.S. Treasury securities are unavailable, the Company may substitute one or more short-term discount obligations issued by an Affiliate of the Company that are issued on the applicable Remarketing Settlement Date, accrete interest at an arm's length rate, have the same aggregate principal amount at maturity as the U.S. Treasury securities for which they are substituted and mature on or prior to the applicable dates referred to above.

"*Treasury Portfolio Purchase Price*" means, with respect to each Remarketing Settlement Date, the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer to the Quotation Agent between 9:00 a.m. and 11:00 a.m., New York City time, on the date of a Successful Remarketing for the purchase of the Treasury Portfolio for settlement on the applicable Remarketing Settlement Date.

"*Treasury Units*" means, following the substitution of Qualifying Treasury Securities for Debentures as collateral to secure a Holder's obligations under the applicable Stock Purchase Contract, the collective rights and obligations of a Holder of a Treasury Unit Certificate in respect of such Treasury Securities, subject to the Pledge thereof, and the related Stock Purchase Contract.

"*Treasury Unit Certificate*" means a certificate evidencing the rights and obligations of a Holder in respect of the number of Treasury Units specified on such certificate.

"*Trustee*" means The Bank of New York, as trustee pursuant to the Indenture, or its successor in interest in such capacity, or any successor trustee appointed as provided in the Indenture.

"*Vice President*" means any vice president, whether or not designated by a number or a word or words added before or after the title "Vice President."

"*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 such volume weighted average price is unavailable, VWAP means the market value per share of Common Stock on such Trading Day as determined by a nationally recognized independent investment banking firm retained for this purpose by the Company.

(f) The following terms have the meanings set forth in the Section of this Agreement or in the other agreement set forth below.

Act	Section 1.04(a)
Applicants	Section 7.12(b)
Cash Merger	Section 5.04(b)(ii)
Cash Merger Early Settlement	Section 5.04(b)(ii)
Cash Merger Early Settlement Date	Section 5.04(b)(ii)
Cash Merger Early Settlement Right	Section 5.04(b)(ii)
Collateral	Pledge Agreement
Collateral Account	Pledge Agreement
Constituent Person	Section 5.04(b)(i)
Deferred Contract Adjustment Payments	Section 5.11(a)

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Dividend Threshold Amount	Section 5.04(a)(iv)
Early Settlement	Section 5.07(a)
Early Settlement Amount	Section 5.07(b)
Early Settlement Date	Section 5.07(b)
Early Settlement Rate	Section 5.07(c)
Event of Default	Indenture
Exchange Property Unit	Section 5.04(b)(i)
expiration date	Section 5.04(a)(v)
Expiration Date	Section 1.04(e)
Expiration Time	Section 5.04(a)(v)
final judgment	Section 5.10(g)
Indemnitees	Section 7.07(c)
Pledged Debentures	Pledge Agreement
Pledged Treasury Securities	Pledge Agreement
Proceeds	Pledge Agreement
Purchase Price	Section 5.01(a)
Purchased Shares	Section 5.04(a)(v)
record date	Section 5.04(a)
Reorganization Event	Section 5.04(b)(i)
Security Register	Section 3.05
Security Registrar	Section 3.05
Senior Debt	Each Supplemental Indenture
Settlement Rate	Section 5.01(a)
Settlement with Cash	Section 5.02(b)
Special Record Date	Section 5.11(b)
Stock Purchase Contract Settlement Fund	Section 5.03
UCC	Pledge Agreement

**Section 1.02** *Compliance Certificates and Opinions.*

Except as otherwise expressly provided by this Agreement, upon any application or request by the Company to the Purchase Contract Agent to take any action in accordance with any provision of this Agreement, the Company shall furnish to the Purchase Contract Agent an Officers' Certificate stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with, if requested by the Purchase Contract Agent.

**Section 1.03** *Form of Documents Delivered to Purchase Contract Agent.*

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents. Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which its certificate or opinion is based are erroneous. Any such certificate or

Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Agreement, they may, but need not, be consolidated and form one instrument.

**Section 1.04 Acts of Holders; Record Dates.**

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Purchase Contract Agent and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Agreement and (subject to Section 7.01) conclusive in favor of the Purchase Contract Agent and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner that the Purchase Contract Agent deems sufficient.

(c) The ownership of Equity Units shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Equity Units shall bind every future Holder of the same Equity Units and the Holder of every Certificate evidencing such Equity Units issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Purchase Contract Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Certificate.

(e) The Company may set any date as a record date for the purpose of determining the Holders of Outstanding Equity Units entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Agreement to be given, made or taken by Holders of Equity Units. If any record date is set pursuant to this paragraph, the Holders of the Outstanding Corporate Units and the Outstanding Treasury Units, as the case may be, on such record date, and no other Holders, shall be entitled to take the relevant action with respect to the Corporate Units or the Treasury Units, as the case may be, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken prior to or on the applicable Expiration Date (as defined below) by Holders of the requisite number of Outstanding Equity Units on such record date. The Company may establish the same or different record dates and expiration dates for Holders of Corporate Units and Treasury Units. Nothing contained in this paragraph shall be construed to prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and be of no effect), and nothing contained in this paragraph shall be construed to render ineffective any action taken by Holders of the

requisite number of Outstanding Equity Units on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Purchase Contract Agent in writing and to each Holder of Equity Units in the manner set forth in Section 1.06.

With respect to any record date set pursuant to this Section 1.04(e), the Company may designate any date as the “*Expiration Date*” and from time to time may change the Expiration Date to any earlier or later day; provided that no such change shall be effective unless notice of the proposed new Expiration Date is given to the Purchase Contract Agent in writing, and to each Holder of Equity Units in the manner set forth in Section 1.06, prior to or on the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the Company shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

**Section 1.05 Notices.**

Any notice or communication is duly given if in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested) or overnight air courier guaranteeing next day delivery, to the others’ address; provided that notice shall be deemed given to the Purchase Contract Agent only upon receipt thereof:

If to the Purchase Contract Agent:

The Bank of New York  
101 Barclay Street-8W  
New York, New York 10286  
Attention: Corporate Trust Administration  
Telephone: (212) 815-2923  
Facsimile: (212) 815-5704

If to the Company:

American International Group, Inc.  
70 Pine Street  
New York, New York 10270  
Attention: Secretary  
Facsimile: (212) 785-1584

If to the Collateral Agent:

Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust Administration  
Telephone: (302) 636-6453  
Facsimile: (302) 636-4140

If to the Trustee:

The Bank of New York  
101 Barclay Street-8W  
New York, New York 10286  
Attention: Corporate Trust Administration  
Telephone: (212) 815-2923  
Facsimile: (212) 815-5704

The Purchase Contract Agent shall send to the Trustee at the telecopier number set forth above a copy of any notices in the form of Exhibits C, D, E or F if it sends or receives.

**Section 1.06** *Notice to Holders; Waiver.*

Where this Agreement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at its address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed to any particular Holder, shall affect the sufficiency of such notice with respect to other Holders. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Purchase Contract Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Purchase Contract Agent shall constitute a sufficient notification for every purpose hereunder.

**Section 1.07** *Effect of Headings and Table of Contents.*

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

**Section 1.08** *Successors and Assigns.*

All covenants and agreements in this Agreement by the Company and the Purchase Contract Agent shall bind their respective successors and assigns, whether so expressed or not.

**Section 1.09** *Separability Clause.*

In case any provision in this Agreement or in any Equity Unit shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired thereby.

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**Section 1.10** *Benefits of Agreement.*

Nothing contained in this Agreement or in the Equity Units, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and, to the extent provided hereby, the Holders, any benefits or any legal or equitable right, remedy or claim under this Agreement. The Holders from time to time shall be beneficiaries of this Agreement and shall be bound by all of the terms and conditions hereof and of the Equity Units evidenced by their Certificates by their acceptance of delivery of such Certificates.

**Section 1.11** *Governing Law.*

THIS AGREEMENT AND THE EQUITY UNITS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. The Company, the Purchase Contract Agent and the Holders from time to time of the Equity Units, acting through the Purchase Contract Agent as their attorney-in-fact, hereby submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for the purposes of all actions, suits or proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Company, the Purchase Contract Agent and the Holders from time to time of the Equity Units, acting through the Purchase Contract Agent as their attorney-in-fact, irrevocably waive, to the fullest extent permitted by applicable law, any objection that they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

**Section 1.12** *Legal Holidays.*

In any case where any Payment Date shall not be a Business Day (notwithstanding any other provision of this Agreement or the Equity Units), Contract Adjustment Payments or other distributions shall not be paid on such date, but Contract Adjustment Payments or such other distributions shall be paid on the next succeeding Business Day with the same force and effect as if made on such Payment Date. No interest shall accrue or be payable by the Company or to any Holder for the period from and after any such Payment Date.

In any case where any Stock Purchase Date, Early Settlement Date or Cash Merger Early Settlement Date shall not be a Business Day (notwithstanding any other provision of this Agreement or the Equity Units), Stock Purchase Contracts shall not be performed and Early Settlement and Cash Merger Early Settlement shall not be effected on such date, but Stock Purchase Contracts shall be performed or Early Settlement or Cash Merger Early Settlement shall be effected, as applicable, on the next succeeding Business Day with the same force and effect as if made on such Stock Purchase Date, Early Settlement Date or Cash Merger Early Settlement Date, as applicable.

**Section 1.13** *Counterparts.*

This Agreement may be executed in any number of counterparts by the parties hereto on separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

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**Section 1.14** *Inspection of Agreement.*

A copy of this Agreement shall be available at all reasonable times during normal business hours at the Corporate Trust Office for inspection by any Holder or Beneficial Owner of an Equity Unit.

**Section 1.15** *Appointment of Financial Institution as Agent for the Company.*

The Company may appoint a financial institution (which may be the Collateral Agent) to act as its agent in performing its obligations and in accepting and enforcing performance of the obligations of the Purchase Contract Agent and the Holders, under this Agreement and the Stock Purchase Contracts, by giving notice of such appointment in the manner provided in Section 1.05. Any such appointment shall not relieve the Company in any way from its obligations hereunder.

**Section 1.16** *No Waiver.*

No failure on the part of the Company, the Purchase Contract Agent, the Collateral Agent, the Securities Intermediary or any of their respective agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Company, the Purchase Contract Agent, the Collateral Agent, the Securities Intermediary or any of their respective agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

**Section 1.17** *Force Majeure.*

In no event shall the Purchase Contract Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Purchase Contract Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

**ARTICLE II**  
**CERTIFICATE FORMS**

**Section 2.01** *Forms of Certificates Generally.*

The Certificates (including the Stock Purchase Contract forming part of each Equity Unit evidenced thereby) shall be in substantially the form set forth in Exhibit A (in the case of Certificates evidencing Corporate Units) or Exhibit B (in the case of Certificates evidencing Treasury Units), with such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as may be required by the rules of any securities exchange on which the Equity Units are listed or any depository therefor, or as may be determined by the officers of the Company executing such Certificates, as evidenced by their execution of the Certificates.

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The definitive Certificates shall be produced in any manner as determined by the officers of the Company executing the Equity Units evidenced by such Certificates, consistent with the provisions of this Agreement, as evidenced by their execution thereof.

Every Global Certificate authenticated, executed on behalf of the Holders and delivered hereunder shall bear a legend substantially in the form set forth in Exhibit A and Exhibit B for a Global Certificate.

**Section 2.02** *Form of Purchase Contract Agent's Certificate of Authentication.*

The form of the Purchase Contract Agent's certificate of authentication of the Equity Units shall be in substantially the form set forth on the form of the applicable Certificates.

**ARTICLE III**  
**THE EQUITY UNITS**

**Section 3.01** *Amount; Form and Denominations.*

The aggregate number of Equity Units evidenced by Certificates authenticated, executed on behalf of the Holders and delivered hereunder is limited to 78,400,000, except for Certificates authenticated, executed and delivered upon registration of transfer of, in exchange for, or in lieu of, other Certificates pursuant to Section 3.04, Section 3.05, Section 3.09, Section 3.10, Section 3.13, Section 3.14, Section 5.07(f) or Section 8.05.

The Certificates shall be issuable only in registered form and only in the Stated Amounts of a single Corporate Unit or Treasury Unit and any integral multiple thereof.

**Section 3.02** *Rights and Obligations Evidenced by the Certificates.*

Each Corporate Unit Certificate shall evidence the number of Corporate Units specified therein, with each such Corporate Unit representing one Stock Purchase Contract and:

(i) prior to the First Stock Purchase Date or, if earlier, the First Remarketing Settlement Date, a 1/40, or 2.5%, undivided beneficial ownership interest in a Series B-1 Debenture with an aggregate Principal Amount of \$1,000;

(ii) prior to the Second Stock Purchase Date or, if earlier, the Second Remarketing Settlement Date, a 1/40, or 2.5%, undivided beneficial ownership interest in a Series B-2 Debenture with an aggregate Principal Amount of \$1,000;

(iii) prior to the Third Stock Purchase Date or, if earlier, Third Remarketing Settlement Date, a 1/40, or 2.5%, undivided beneficial ownership interest in a Series B-3 Debenture with an aggregate Principal Amount of \$1,000; and

(iv) after the Remarketing Settlement Date for any series of Debentures and prior to the applicable Stock Purchase Date, the undivided beneficial ownership interest corresponding to one Corporate Unit in the Treasury Portfolio purchased with the net proceeds of the Remarketing;

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in each case subject to the Pledge thereof.

The Purchase Contract Agent is hereby authorized, as attorney-in-fact for, and on behalf of, the Holders of Corporate Units, to pledge, pursuant to the Pledge Agreement, the Debentures forming part of such Corporate Units, to the Collateral Agent for the benefit of the Company, and to grant to the Collateral Agent, for the benefit of the Company, a security interest in the right, title and interest of such Holder:

(i) the Series B-1 Debentures to secure the obligation of the Holders under the Stock Purchase Contracts to purchase shares of Common Stock on the First Stock Purchase Date;

(ii) the Series B-2 Debentures to secure the obligation of the Holders under the Stock Purchase Contracts to purchase shares of Common Stock on the Second Stock Purchase Date;

(iii) the Series B-3 Debentures to secure the obligation of the Holders under the Stock Purchase Contracts to purchase shares of Common Stock on the Third Stock Purchase Date; and

(iv) after the Remarketing Settlement Date for any series of Debentures and prior to the applicable Stock Purchase Date, an undivided beneficial ownership interest in the Treasury Portfolio purchased with the net proceeds of the Remarketing.

Upon the creation of Treasury Units pursuant to Section 3.13, each Treasury Unit Certificate shall evidence the number of Treasury Units specified therein, with each such Treasury Units representing one Stock Purchase Contract and:

(i) prior to the First Stock Purchase Date, a 1/40, or 2.5%, undivided beneficial ownership interest in the First Qualifying Treasury Security;

(ii) prior to the Second Stock Purchase Date, a 1/40, or 2.5%, undivided beneficial ownership interest in the Second Qualifying Treasury Security; and

(iii) prior to the Third Stock Purchase Date, a 1/40, or 2.5%, undivided beneficial ownership interest in the Third Qualifying Treasury Security;

in each case subject to the Pledge thereof.

The Purchase Contract Agent is hereby authorized, as attorney-in-fact for, and on behalf of, the Holder of each Treasury Unit, to pledge, pursuant to the Pledge Agreement, such Holder's interest in each Qualifying Treasury Security forming a part of such Treasury Unit to the Collateral Agent, for the benefit of the Company, and to grant to the Collateral Agent, for the benefit of the Company, a security interest in the right, title and interest of such Holder to secure the obligation of the Holder under each Stock Purchase Contract to purchase shares of Common Stock on each Stock Purchase Date.

Such Stock Purchase Contract shall not entitle the Holder of a Equity Units to any of the rights of a holder of shares of Common Stock, prior to the delivery of shares of Common Stock under each Stock Purchase Contract, including, without limitation, the right to vote or receive any dividends or other payments or to consent or to receive notice as a stockholder in respect of the meetings of stockholders or for the election of directors of the Company or for any other matter, or any other rights whatsoever as a stockholder of the Company. A Holder will become a holder of record of shares of Common Stock

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delivered pursuant to a Stock Purchase Contract at the close of business on the date the shares of Common Stock are delivered by the Company to the Holder or, if the Company's stock record book is not open on that day, at the opening of business on the next Business Day the stock record is open.

**Section 3.03 Execution, Authentication, Delivery and Dating.**

Subject to the provisions of Section 3.13 and Section 3.14, upon the execution and delivery of this Agreement, and at any time and from time to time thereafter, the Company may deliver Certificates executed by the Company to the Purchase Contract Agent for authentication, execution on behalf of the Holders and delivery, together with an Issuer Order from the Company for authentication of such Certificates, and the Purchase Contract Agent in accordance with such Issuer Order shall authenticate, execute on behalf of the Holders and deliver such Certificates.

The Certificates shall be executed on behalf of the Company by its Chairman of the Board, its President, a Senior Vice President, a Vice President, its Treasurer or any Assistant Treasurer, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Certificates may be manual or facsimile.

Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Certificates or did not hold such offices at the date of such Certificates.

No Stock Purchase Contract evidenced by a Certificate shall be valid until such Certificate has been executed on behalf of the Holder by the manual signature of an authorized officer of the Purchase Contract Agent, as such Holder's attorney-in-fact. Such signature by an authorized officer of the Purchase Contract Agent shall be conclusive evidence that the Holder of such Certificate has entered into the Stock Purchase Contracts evidenced by such Certificate.

Each Certificate shall be dated the date of its authentication.

No Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose unless there appears on such Certificate a certificate of authentication substantially in the form provided for herein executed by an authorized officer of the Purchase Contract Agent by manual signature, and such certificate upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder.

**Section 3.04 Temporary Certificates.**

Pending the preparation of definitive Certificates, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holders, and deliver, in lieu of such definitive Certificates, temporary Certificates that are in substantially the form set forth in Exhibit A or Exhibit B, as the case may be, with such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as may be required by the rules of any securities exchange on which the Corporate Units or Treasury Units, as the case may be, are listed, or as may be determined by the officers of the Company executing such Certificates, as evidenced by their execution of the Certificates.

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If temporary Certificates are issued, the Company will cause definitive Certificates to be prepared without unreasonable delay. After the preparation of definitive Certificates, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of the temporary Certificates at the Corporate Trust Office, at the expense of the Company and without charge to the Holder. Upon surrender for cancellation of any one or more temporary Certificates, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver in exchange therefor, one or more definitive Certificates of like tenor and denominations and evidencing a like number of Equity Units as the temporary Certificate or Certificates so surrendered. Until so exchanged, the temporary Certificates shall in all respects evidence the same benefits and the same obligations with respect to the Equity Units evidenced thereby as definitive Certificates.

**Section 3.05** *Registration; Registration of Transfer and Exchange.*

The Purchase Contract Agent shall keep at the Corporate Trust Office a register (the “*Security Register*”) in which, subject to such reasonable regulations as it may prescribe, the Purchase Contract Agent shall provide for the registration of Certificates and of transfers of Certificates (the Purchase Contract Agent, in such capacity, the “*Security Registrar*”). The Security Registrar shall record separately the registration and transfer of the Certificates evidencing Corporate Units and Treasury Units.

Upon surrender for registration of transfer of any Certificate at the Corporate Trust Office, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the designated transferee or transferees, and deliver, in the name of the designated transferee or transferees, one or more new Certificates of any authorized Stated Amounts, of like tenor, and evidencing a like number of Corporate Units or Treasury Units, as the case may be.

At the option of the Holder, Certificates evidencing Corporate Units or Treasury Units may be exchanged for other Certificates, of any authorized Stated Amounts and evidencing a like number of Corporate Units or Treasury Units, as the case may be, upon surrender of the Certificates to be exchanged at the Corporate Trust Office. Whenever any Certificates are so surrendered for exchange, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver the Certificates that the Holder making the exchange is entitled to receive.

All Certificates issued upon any registration of transfer or exchange of a Certificate shall evidence the ownership of the same number of Corporate Units or Treasury Units, as the case may be, and be entitled to the same benefits and subject to the same obligations under this Agreement as the Corporate Units or Treasury Units, as the case may be, evidenced by the Certificate surrendered upon such registration of transfer or exchange.

Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Purchase Contract Agent duly executed, by the Holder thereof or its attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of a Certificate, but the Company and the Security Registrar may require payment from the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of

transfer or exchange of Certificates, other than any exchanges pursuant to Section 3.04 and Section 8.05 not involving any transfer.

Notwithstanding the foregoing, the Company shall not be obligated to execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall not be obligated to authenticate, execute on behalf of the Holder and deliver any Certificate in exchange for any other Certificate presented or surrendered for registration of transfer or for exchange on or after the Business Day immediately preceding the earliest to occur of any Early Settlement Date with respect to the Equity Units evidenced by such Certificate, any Cash Merger Early Settlement Date with respect to the Equity Units evidenced by such Certificate, the Third Stock Purchase Date or the Termination Date. In lieu of delivery of a new Certificate, upon satisfaction of the applicable conditions specified above in this Section and receipt of appropriate registration or transfer instructions from such Holder, the Purchase Contract Agent shall:

(i) if the Third Stock Purchase Date or an Early Settlement Date or a Cash Merger Early Settlement Date with respect to such other Certificate (or portion thereof) has occurred, deliver to such Holder the shares of Common Stock issuable in respect of the Stock Purchase Contracts forming a part of the Equity Units evidenced by such other Certificate (or portion thereof); or

(ii) if a Termination Event, Early Settlement or Cash Merger Early Settlement shall have occurred, transfer each series of Debentures with respect to which the applicable Stock Purchase Date has not yet occurred (or an interest in the Treasury Portfolio if the Remarketing Settlement Date with respect to such series has occurred) or, in the case of Treasury Units, the applicable Qualifying Treasury Securities pledged in lieu of the Debentures, as the case may be, evidenced thereby, to such Holder, in each case subject to the applicable conditions and in accordance with the applicable provisions of Section 3.15 and Article V.

**Section 3.06** *Notices to Holders.*

Whenever a notice or other communication to the Holders is required to be given under this Agreement, the Company, the Company's agent or the Purchase Contract Agent, as the case may be, shall give such notices and communications to the Holders and, with respect to any Equity Units registered in the name of the Depository or the nominee of the Depository, the Company or the Company's agent shall, except as set forth herein, have no obligations to the Beneficial Owners.

**Section 3.07** *Book-Entry Interests.*

The Certificates will be issued in the form of one or more fully registered Global Certificates, to be delivered to the Depository, as agent for the Company, or its custodian by, or on behalf of, the Company. The Company hereby designates DTC as the initial Depository. Such Global Certificates shall initially be registered on the Security Register in the name of Cede & Co., the nominee of the Depository, and no Beneficial Owner will receive a definitive Certificate representing such Beneficial Owner's interest in such Global Certificate, except as provided in Section 3.09. The Purchase Contract Agent shall enter into an agreement with the Depository if so requested by the Company. Following the issuance of such Global Certificates and unless and until definitive, fully registered Certificates have been issued to Beneficial Owners pursuant to Section 3.09:

(i) the provisions of this Section 3.07 shall be in full force and effect;

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(ii) the Company shall be entitled to deal with the Depositary for all purposes of this Agreement (including, without limitation, making Contract Adjustment Payments and receiving approvals, votes or consents hereunder) as the Holder of the Equity Units or any Stock Purchase Contract or Debentures that are components thereof and the sole holder of the Global Certificates and shall have no obligation to the Beneficial Owners;

(iii) to the extent that the provisions of this Section 3.07 conflict with any other provisions of this Agreement, the provisions of this Section 3.07 shall control; and

(iv) the rights of the Beneficial Owners shall be exercised only through the Depositary and shall be limited to those established by law and agreements between such Beneficial Owners and the Depositary or the Depositary Participants.

Transfers of Equity Units evidenced by Global Certificates shall be made through the facilities of the Depositary, and any cancellation of, or increase or decrease in the number of, such Equity Units (including the creation of Treasury Units and the recreation of Corporate Units pursuant to Section 3.13 and Section 3.14 respectively) shall be accomplished by making appropriate annotations on the Schedule of Increases or Decreases attached to such Global Certificate.

**Section 3.08** *Appointment of Successor Depositary.*

If the Depositary elects to discontinue its services as securities depositary with respect to the Equity Units, the Company may, in its sole discretion, appoint a successor Depositary with respect to the Equity Units.

**Section 3.09** *Definitive Certificates.*

If:

(i) the Depositary notifies the Company that it is unwilling or unable to continue its services as securities depositary with respect to the Global Certificates and no successor Depositary has been appointed pursuant to Section 3.08 within 90 days after such notice;

(ii) the Depositary ceases to be a “clearing agency” registered under Section 17A of the Exchange Act when the Depositary is required to be so registered to act as the Depositary and so notifies the Company, and no successor Depositary has been appointed pursuant to Section 3.08 within 90 days after the Company learns that the Depositary has ceased to be so registered; or

(iii) to the extent permitted by the Depositary, the Company determines, in its sole discretion, at any time that the Equity Units shall no longer be represented by Global Certificates and shall inform such Depositary of such determination and Depositary Participants elect to withdraw their beneficial interests in the Equity Units from such Depositary, following notification by the Depositary of their right to do so; or

(iv) there shall have occurred and be continuing an Event of Default with respect to the Debentures;

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then (x) definitive Certificates shall be prepared by the Company with respect to such Equity Units and delivered to the Purchase Contract Agent and (y) upon surrender of the Global Certificates representing the Equity Units by the Depositary, accompanied by registration instructions, the Company shall cause definitive Certificates to be delivered to Beneficial Owners in accordance with the instructions of the Depositary. The Company and the Purchase Contract Agent shall not be liable for any delay in delivery of such instructions and may conclusively rely on and shall be authorized and protected in relying on, such instructions. Each definitive Certificate so delivered shall evidence Equity Units of the same kind and tenor as the Global Certificate so surrendered in respect thereof.

**Section 3.10 Mutilated, Destroyed, Lost and Stolen Certificates.**

If any mutilated Certificate is surrendered to the Purchase Contract Agent, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver in exchange therefor, a new Certificate, evidencing the same number of Corporate Units or Treasury Units, as the case may be, and bearing a Certificate number not contemporaneously outstanding.

If there shall be delivered to the Company and the Purchase Contract Agent (i) evidence to their satisfaction of the destruction, loss or theft of any Certificate, and (ii) such security or indemnity as may be required by them to hold each of them and any agent of any of them harmless, then, in the absence of notice to the Company or the Purchase Contract Agent that such Certificate has been acquired by a protected purchaser, the Company shall execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall authenticate, execute on behalf of the Holder, and deliver to the Holder, in lieu of any such destroyed, lost or stolen Certificate, a new Certificate, evidencing the same number of Corporate Units or Treasury Units, as the case may be, and bearing a Certificate number not contemporaneously outstanding.

Notwithstanding the foregoing, the Company shall not be obligated to execute and deliver to the Purchase Contract Agent, and the Purchase Contract Agent shall not be obligated to authenticate, execute on behalf of the Holder, and deliver to the Holder, a Certificate on or after the Business Day immediately preceding the earliest of any Early Settlement Date with respect to such lost, stolen, destroyed or mutilated Certificate, any Cash Merger Early Settlement Date with respect to such lost, stolen, destroyed or mutilated Certificate, the Third Stock Purchase Date or the Termination Date. In lieu of delivery of a new Certificate, upon satisfaction of the applicable conditions specified above in this Section and receipt of appropriate registration or transfer instructions from such Holder, the Purchase Contract Agent shall:

(i) if the Third Stock Purchase Date or Early Settlement Date or Cash Merger Early Settlement Date with respect to such lost, stolen, destroyed or mutilated Certificate has occurred, deliver to such Holder the shares of Common Stock issuable in respect of the Stock Purchase Contracts forming a part of the Equity Units evidenced by such Certificate; or

(ii) if a Termination Event or a Cash Merger Early Settlement or an Early Settlement with respect to such lost, stolen, destroyed or mutilated Certificate shall have occurred, transfer each series of Debentures with respect to which the Stock Purchase Date has not yet occurred (or an interest in the Treasury Portfolio if the Remarketing Settlement Date with respect to such series has occurred), evidenced thereby, in each case subject to the applicable conditions and in accordance with the applicable provisions of Section 3.15 and Article V.

Upon the issuance of any new Certificate under this Section, the Company and the Purchase Contract Agent may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including, without limitation, the fees and expenses of the Purchase Contract Agent) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Certificate shall constitute an original additional contractual obligation of the Company and of the Holder in respect of the Equity Units evidenced thereby, whether or not the mutilated, destroyed, lost or stolen Certificate (and the Equity Units evidenced thereby) shall be at any time enforceable by anyone, and shall be entitled to all the benefits and be subject to all the obligations of this Agreement equally and proportionately with any and all other Certificates delivered hereunder.

The provisions of this Section are exclusive and shall preclude, to the extent lawful, all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates.

**Section 3.11** *Persons Deemed Owners.*

Prior to due presentment of a Certificate for registration of transfer, the Company and the Purchase Contract Agent, and any agent of the Company, the Security Registrar or the Purchase Contract Agent, may treat the Person in whose name such Certificate is registered as the owner of the Equity Units evidenced thereby for purposes of (subject to any applicable record date) any payment or distribution on the Debentures, payment of Contract Adjustment Payments and performance of the Stock Purchase Contracts and for all other purposes whatsoever in connection with such Equity Units, whether or not such payment, distribution, or performance shall be overdue and notwithstanding any notice to the contrary, and none of the Company, the Security Registrar or the Purchase Contract Agent, nor any agent of the Company, the Security Registrar or the Purchase Contract Agent, shall be affected by notice to the contrary.

With respect to any Global Certificate, nothing contained herein shall prevent the Company, the Purchase Contract Agent or any agent of the Company or the Purchase Contract Agent, from giving effect to any written certification, proxy or other authorization furnished by the Depositary (or its nominee), as a Holder, with respect to such Global Certificate, or impair, as between such Depositary and the related Beneficial Owner, the operation of customary practices governing the exercise of rights of the Depositary (or its nominee) as Holder of such Global Certificate. None of the Company, the Purchase Contract Agent or any agent of the Company or the Purchase Contract Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Certificate or maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**Section 3.12** *Cancellation.*

All Certificates surrendered for delivery of shares of Common Stock on or after the Third Stock Purchase Date or upon the transfer of Debentures or for delivery of Debentures or Qualifying Treasury Securities, as the case may be, after the occurrence of a Termination Event or pursuant to a Notice to Settle with Cash in connection with the Third Stock Purchase Date, an Early Settlement or a Cash Merger Early Settlement, or upon the registration of transfer or exchange of Equity Units, or a Collateral Substitution or the recreation of Corporate Units shall, if surrendered to any Person other than the Purchase Contract Agent, be delivered to the Purchase Contract Agent along with appropriate written

instructions from the Company regarding the cancellation thereof and, if not already cancelled, shall be promptly cancelled by it. The Company may at any time deliver to the Purchase Contract Agent for cancellation any Certificates previously authenticated, executed and delivered hereunder that the Company may have acquired in any manner whatsoever, and all Certificates so delivered shall, upon an Issuer Order, be promptly cancelled by the Purchase Contract Agent. No Certificates shall be authenticated, executed on behalf of the Holder and delivered in lieu of or in exchange for any Certificates cancelled as provided in this Section. All cancelled Certificates held by the Purchase Contract Agent shall be disposed of in accordance with its customary practices.

If the Company or any Affiliate of the Company shall acquire any Certificate, such acquisition shall not operate as a cancellation of such Certificate unless and until such Certificate is delivered to the Purchase Contract Agent cancelled or for cancellation.

**Section 3.13** *Creation of Treasury Units by Substitution of Qualifying Treasury Securities.*

Subject to the conditions set forth in this Agreement, a Holder may, at any time (other than during a Blackout Period) from and after the date of this Agreement effect a Collateral Substitution and separate the Pledged Debentures from the related Stock Purchase Contracts in respect of all or a portion of such Holder's Corporate Units by substituting Qualifying Treasury Securities or portions thereof for such Pledged Debentures of each series in accordance with the procedures set forth below; *provided* that Holders may make Collateral Substitutions only in integral multiples of 40 Corporate Units. To effect such substitution, the Holder must:

(i) deposit with the Collateral Agent each applicable Qualifying Treasury Security; and

(ii) transfer 40 Corporate Units or an integral multiple thereof to the Purchase Contract Agent accompanied by a notice to the Purchase Contract Agent, substantially in the form of Exhibit C, (A) stating that the Holder has deposited the relevant amount of applicable Qualifying Treasury Securities with the Securities Intermediary for credit to the Collateral Account and (B) instructing the Purchase Contract Agent to instruct the Collateral Agent to release the Pledged Debentures underlying such Corporate Units, whereupon the Purchase Contract Agent shall promptly provide an instruction to such effect to the Collateral Agent, substantially in the form of Exhibit A to the Pledge Agreement.

Upon receipt of the applicable Qualifying Treasury Securities described in clause (i) above and the instruction described in clause (B) above, in accordance with the terms of the Pledge Agreement, the Collateral Agent will cause the Securities Intermediary to effect the release of such Pledged Debentures from the Pledge and the transfer of such Debentures to the Purchase Contract Agent on behalf of the Holder free and clear of the Company's security interest therein. Upon receipt of such Debentures, the Purchase Contract Agent shall promptly:

(i) cancel the related Corporate Units;

(ii) transfer to the Holder the Debentures of each series with respect to which the Stock Purchase Date has not yet occurred (such Debentures shall be tradeable as separate securities, independent of the resulting Treasury Units); and

(iii) deliver Treasury Units in book-entry form, or if applicable, authenticate, execute on behalf of such Holder and deliver Treasury Units in the form of a Treasury Unit Certificate executed by the Company in accordance with Section 3.03 evidencing the same number of Stock Purchase Contracts as were evidenced by the cancelled Corporate Units.

Holders who elect to separate the applicable Debentures from the related Stock Purchase Contracts and to substitute the applicable Qualifying Treasury Securities for such Debentures shall be responsible for any fees or expenses (other than any fees and expenses payable to the Collateral Agent for its services as Collateral Agent) in respect of the substitution, and neither the Company nor the Purchase Contract Agent shall be responsible for any such fees or expenses.

In the event a Holder making a Collateral Substitution pursuant to this Section 3.13 fails to effect a book-entry transfer of the Corporate Units or fails to deliver Corporate Unit Certificates to the Purchase Contract Agent after depositing the applicable Qualifying Treasury Securities with the Securities Intermediary, any distributions on the Debentures constituting a part of such Corporate Units shall be held in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder, until such Corporate Units are so transferred or the Corporate Unit Certificate is so delivered, as the case may be, or until such Holder provides evidence satisfactory to the Company and the Purchase Contract Agent that such Corporate Unit Certificate has been mutilated, destroyed, lost or stolen, together with any indemnity that may be reasonably required by the Purchase Contract Agent and the Company.

Except as described in Section 5.02 or in this Section 3.13 or in connection with a Settlement with Cash, an Early Settlement, a Cash Merger Early Settlement or a Termination Event, for so long as the Stock Purchase Contract underlying Corporate Units remains in effect, such Corporate Units shall not be separable into its constituent parts, and the rights and obligations of the Holder in respect of the interests in the applicable Debentures and the Stock Purchase Contract comprising such Corporate Units may be acquired, and may be transferred and exchanged, only as Corporate Units.

**Section 3.14 Recreation of Corporate Units.**

Subject to the conditions set forth in this Agreement, a Holder of Treasury Units may recreate Corporate Units at any time (other than during a Blackout Period) in accordance with the procedures set forth below; *provided* that Holders of Treasury Units may only recreate Corporate Units in integral multiples of 40 Treasury Units. To recreate Corporate Units, for each 40 Treasury Units the Holder must:

(i) transfer to the Securities Intermediary the applicable Debentures of each series having a Principal Amount of \$1,000; and

(ii) transfer the related Treasury Units to the Purchase Contract Agent accompanied by a notice to the Purchase Contract Agent, substantially in the form of Exhibit C, (A) stating that the Holder has transferred the relevant amount of each series of applicable Debentures and (B) instructing the Purchase Contract Agent to instruct the Collateral Agent to release the Pledged Treasury Securities underlying such Treasury Units, whereupon the Purchase Contract Agent shall promptly provide an instruction to such effect to the Collateral Agent, substantially in the form of Exhibit C to the Pledge Agreement.

Upon receipt of the Debentures described in clauses (i) above and the instruction described in clause (B) above, in accordance with the terms of the Pledge Agreement, the Collateral Agent will cause the Securities Intermediary to effect the release of the Pledged Treasury Securities having a corresponding

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aggregate principal amount at maturity from the Pledge and the transfer thereof to the Purchase Contract Agent on behalf of the Holder free and clear of the Company's security interest therein. Upon receipt of such Treasury Securities, the Purchase Contract Agent shall promptly:

(i) cancel the related Treasury Units;

(ii) transfer the applicable Qualifying Treasury Securities to the Holder; and

(iii) deliver Corporate Units in book-entry form or, if applicable, authenticate, execute on behalf of such Holder and deliver Corporate Units in the form of a Corporate Unit Certificate executed by the Company in accordance with Section 3.03 evidencing the same number of Stock Purchase Contracts as were evidenced by the cancelled Treasury Units.

Holders who elect to recreate Corporate Units shall be responsible for any fees or expenses (other than any fees and expenses payable to the Collateral Agent for its services as Collateral Agent) in respect of the recreation, and neither the Company nor the Purchase Contract Agent shall be responsible for any such fees or expenses.

Except as provided in Section 5.02 or in this Section 3.14 or in connection with a Settlement with Cash, an Early Settlement, a Cash Merger Early Settlement or a Termination Event, for so long as the Stock Purchase Contract underlying Treasury Units remains in effect, such Treasury Units shall not be separable into its constituent parts and the rights and obligations of the Holder of such Treasury Units in respect of the interests in the applicable Qualifying Treasury Securities and the Stock Purchase Contract comprising such Treasury Units may be acquired, and may be transferred and exchanged, only as Treasury Units.

**Section 3.15** *Transfer of Collateral upon Occurrence of Termination Event.*

Upon the occurrence of a Termination Event and the transfer to the Purchase Contract Agent of the applicable Debentures (or, if such Termination Event occurs after a Remarketing Settlement Date and prior to the applicable Stock Purchase Date, an interest in the Treasury Portfolio) or the applicable Qualifying Treasury Securities, as the case may be, underlying the Corporate Units and the Treasury Units, as the case may be, pursuant to the terms of the Pledge Agreement, the Purchase Contract Agent shall request transfer instructions with respect to such applicable Debentures (or, if such Termination Event occurs after a Remarketing Settlement Date and prior to the applicable Stock Purchase Date, an interest in the Treasury Portfolio) or applicable Qualifying Treasury Securities, as the case may be, from each Holder by written request, substantially in the form of Exhibit D, mailed to such Holder at its address as it appears in the Security Register.

Upon book-entry transfer of the Corporate Units or the Treasury Units or delivery of a Corporate Unit Certificate or Treasury Unit Certificate, as the case may be, to the Purchase Contract Agent with such transfer instructions, the Purchase Contract Agent shall transfer the applicable Debentures (or, if such Termination Event occurs after a Remarketing Settlement Date and prior to the applicable Stock Purchase Date, an interest in the Treasury Portfolio) or applicable Qualifying Treasury Securities, as the case may be, underlying such Corporate Units or Treasury Units, as the case may be, to such Holder by book-entry transfer, or other appropriate procedures, in accordance with such instructions. In the event a Holder of Corporate Units or Treasury Units fails to effect such transfer or delivery, the applicable Debentures (or, if such Termination Event occurs after a Remarketing Settlement Date and prior to the applicable Stock Purchase Date, an interest in the Treasury Portfolio) or applicable Qualifying Treasury

Securities, as the case may be, underlying such Corporate Units or Treasury Units, as the case may be, and any distributions thereon, shall be held in the name of the Purchase Contract Agent or its nominee in trust for the benefit of such Holder, until the earlier to occur of:

(i) the transfer of such Corporate Units or Treasury Units or surrender of the Corporate Unit Certificate or Treasury Unit Certificate or the receipt by the Company and the Purchase Contract Agent from such Holder of satisfactory evidence that such Corporate Unit Certificate or Treasury Unit Certificate has been mutilated, destroyed, lost or stolen, together with any indemnity that may be reasonably required by the Purchase Contract Agent and the Company; and

(ii) the expiration of the time period specified in the abandoned property laws of the relevant State in which the Purchase Contract Agent holds such property.

**Section 3.16** *No Consent to Assumption.*

Each Holder of an Equity Unit, by acceptance thereof, shall be deemed expressly to have withheld any consent to the assumption (*i.e.*, affirmation) under Section 365 of the Bankruptcy Code or otherwise, of the Stock Purchase Contract by the Company or its trustee, receiver, liquidator or a person or entity performing similar functions in the event that the Company becomes the subject of a case under the Bankruptcy Code or subject to other similar state or Federal law providing for reorganization or liquidation.

**Section 3.17** *CUSIP Numbers.*

The Company in issuing the Securities may use “CUSIP” numbers (if then generally in use), and, if so, the Purchase Contract Agent shall use “CUSIP” numbers as a convenience to Holders. The Company will promptly notify the Purchase Contract Agent in writing of any change in the “CUSIP” numbers.

## ARTICLE IV

### THE DEBENTURES

**Section 4.01** *Distributions; Rights to Distributions Preserved.*

Any payment on any Debenture that is paid on any Payment Date shall, subject to Section 5.11(b) and to receipt thereof by the Purchase Contract Agent from the Company (in the case of a Debenture that is held in the name of the Purchase Contract Agent) or from the Collateral Agent as provided by the terms of the Pledge Agreement (in the case of a Debenture that is held in the name of the Collateral Agent), be paid by the Purchase Contract Agent to the Person in whose name the Corporate Unit Certificate (or one or more Predecessor Corporate Unit Certificates) of which such Debentures form a part is registered at the close of business on the Record Date for such Payment Date.

Each Corporate Unit Certificate evidencing the ownership interest in the underlying Debentures delivered under this Agreement upon registration of transfer of or in exchange for or in lieu of any other Corporate Unit Certificate shall carry the right to accrued and unpaid interest, and to accrue interest, that were carried by the Debentures underlying such other Corporate Unit Certificate.

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In the case of any Corporate Units with respect to which (A) a Settlement with Cash of the underlying Stock Purchase Contract is properly effected pursuant to Section 5.02(b), (B) an Early Settlement of the underlying Stock Purchase Contract is properly effected pursuant to Section 5.07, (C) a Cash Merger Early Settlement of the underlying Stock Purchase Contract is properly effected pursuant to Section 5.04(b)(ii), (D) a Collateral Substitution is properly effected pursuant to Section 3.11, or (E) a Successful Remarketing occurs with respect to the Debentures that are part of such Corporate Units, in each case on a date that is after any Record Date and prior to or on the next succeeding Payment Date, distributions on the Debentures underlying such Corporate Units otherwise payable on such Payment Date shall be payable on such Payment Date notwithstanding such Settlement with Cash, Early Settlement, Cash Merger Early Settlement, Collateral Substitution or Successful Remarketing, and such payment or distributions shall, subject to receipt thereof by the Purchase Contract Agent, be payable to the Person in whose name the Corporate Unit Certificate (or one or more Predecessor Corporate Unit Certificates) was registered at the close of business on the Record Date.

Except as otherwise expressly provided in the immediately preceding paragraph, in the case of any Corporate Units with respect to which Settlement with Cash, Early Settlement or Cash Merger Early Settlement of the underlying Stock Purchase Contract is properly effected, or with respect to which a Collateral Substitution has been effected, payments on the related Debentures that would otherwise be payable or made after any Stock Purchase Date, Early Settlement Date, Cash Merger Early Settlement Date or the date of the Collateral Substitution, as the case may be, shall not be payable hereunder to the Holder of such Corporate Units; *provided, however*, that to the extent that such Holder continues to hold Separate Debentures that formerly comprised a part of such Holder's Corporate Units, such Holder shall be entitled to receive distributions on such Separate Debentures.

**Section 4.02 Notice and Voting.**

Under the terms of the Pledge Agreement, the Purchase Contract Agent will be entitled to exercise the voting and any other consensual rights pertaining to the Pledged Debentures, but only to the extent instructed in writing by the Holders or their appointees as described below. Upon receipt of notice of any meeting at which holders of any series of Debentures are entitled to vote or upon any solicitation of consents, waivers or proxies of holders of any series of Debentures, the Purchase Contract Agent shall, as soon as practicable thereafter, mail, first class, postage pre-paid, to the Holders of Corporate Units a notice:

(i) containing such information as is contained in the notice or solicitation;

(ii) stating that each Holder or its appointee on the record date set by the Purchase Contract Agent therefor (which, to the extent possible, shall be the same date as the record date for determining the holders of the applicable series of Debentures, as the case may be, entitled to vote) shall be entitled to instruct the Purchase Contract Agent as to the exercise of the voting rights pertaining to such Debentures underlying their Corporate Units; and

(iii) stating the manner in which such instructions may be exercised.

Upon the written request of the Holders or their appointees of Corporate Units on such record date received by the Purchase Contract Agent at least six days prior to such meeting, the Purchase Contract Agent shall endeavor insofar as practicable to vote or cause to be voted, in accordance with the instructions set forth in such requests, the maximum number of Debentures, as the case may be, as to which any particular voting instructions are received. In the absence of specific instructions from the

Holder of a Corporate Unit, the Purchase Contract Agent shall abstain from voting the Debentures underlying such Corporate Units.

The Holders of Corporate Units and Treasury Units shall have no voting or other rights in respect of Common Stock.

## ARTICLE V

### THE STOCK PURCHASE CONTRACTS

#### Section 5.01 *Purchase of Shares of Common Stock.*

(a) Each Stock Purchase Contract shall obligate the Holder of the related Equity Unit to purchase, and the Company to sell, on each Stock Purchase Date at a price equal to \$25 in cash (the "*Purchase Price*"), a number of newly issued or treasury shares of Common Stock per Equity Unit (subject to Section 5.08) equal to the applicable Settlement Rate (as defined below) unless an Early Settlement, a Cash Merger Early Settlement or a Termination Event with respect to the Equity Units of which such Stock Purchase Contract is a part shall have occurred.

With respect to each Stock Purchase Date, the "*Settlement Rate*" shall be:

(i) if the Applicable Market Value of Common Stock with respect to such Stock Purchase Date is equal to or greater than the Threshold Appreciation Price, 0.54823 shares of Common Stock;

(ii) if the Applicable Market Value of Common Stock with respect to such Stock Purchase Date is less than the Threshold Appreciation Price but greater than the Reference Price, a number of shares of Common Stock equal to \$25 divided by the Applicable Market Value; and

(iii) if the Applicable Market Value of Common Stock with respect to such Stock Purchase Date is less than or equal to the Reference Price, 0.6579 shares of Common Stock;

in each case subject to adjustment as provided in Section 5.04.

(b) Each Holder of Corporate Units or Treasury Units, by its acceptance of such Equity Units will be deemed to have:

(i) duly appointed the Purchase Contract Agent to enter into and perform the related Stock Purchase Contract and the Pledge Agreement on its behalf and in its name as its attorney-in-fact (including, without limitation, the execution of Certificates on behalf of such Holder);

(ii) irrevocably agreed to be bound by the terms and provisions of such Stock Purchase Contract and the Pledge Agreement;

(iii) covenanted and agreed to perform its obligations under such Stock Purchase Contract for so long as such Holder remains a Holder of Corporate Units or Treasury Units;

(iv) irrevocably authorized the Purchase Contract Agent to enter into and perform this Agreement and the Pledge Agreement on its behalf and in its name as its attorney-in-fact;

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(v) consents to, and agrees to be bound by, the Pledge of such Holder's right, title and interest in and to the Collateral, including the Debentures and the Qualifying Treasury Securities, pursuant to the Pledge Agreement and delivery of the applicable Debentures by the Purchase Contract Agent to the Collateral Agent;

(vi) for United States federal, state and local income and franchise tax purposes, agrees to take the positions set forth in Section 10.07(b); and

(vii) irrevocably directed the Purchase Contract Agent to execute one or more Remarketing Agreements at the direction of the Company, without the receipt of any opinion or certificate.

(c) Each Holder of Corporate Units or Treasury Units, by its acceptance thereof, shall be deemed to have further covenanted and agreed that to the extent and in the manner provided in Section 5.02 and the provisions of the Pledge Agreement, but subject to the terms thereof, Proceeds of the Treasury Portfolio or the applicable Qualifying Treasury Securities, as applicable, on each Stock Purchase Date, shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under such Stock Purchase Contract with respect to such Stock Purchase Date and such Holder shall acquire no right, title or interest in such Proceeds except that (i) Proceeds of the Treasury Portfolio in excess of the amount required to satisfy such Holder's obligations under such Stock Purchase Contract with respect to such Stock Purchase Date and (ii) any Proceeds of the Remarketing in excess of the aggregate Treasury Portfolio Purchase Price applicable to the related Corporate Units plus the portion of the Remarketing Agent's Fee attributable to such Pledged Debentures will be remitted to the Purchase Contract Agent for payment to the Holders of the related Corporate Units (x) on the Stock Purchase Date, in the case of amounts payable pursuant to clause (i) and (y) as promptly as practicable after the applicable Remarketing Settlement Date, in the case of amounts payable pursuant to clause (ii).

(d) Upon registration of transfer of a Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee) by the terms of this Agreement, the Stock Purchase Contracts underlying such Certificate and the Pledge Agreement and the transferor shall be released from the obligations under this Agreement, the Stock Purchase Contracts underlying the Certificate so transferred and the Pledge Agreement. The Company covenants and agrees, and each Holder of a Certificate, by its acceptance thereof, likewise shall be deemed to have covenanted and agreed, to be bound by the provisions of this paragraph.

(e) Promptly after the calculation of each Settlement Rate and Applicable Market Value, the Company shall give the Purchase Contract Agent notice thereof. All calculations and determinations of any Settlement Rate or Applicable Market Value shall be made by the Company or its agent based on their good faith calculations and will be conclusive and binding.

**Section 5.02 Remarketing; Payment of Purchase Price.**

(a) (i) The Company shall conduct a Remarketing of each series of Debentures in accordance with the applicable Supplemental Indenture and Remarketing Agreement and, in the event of a Successful Remarketing, purchase the Treasury Portfolio on the Remarketing Settlement Date with the net proceeds thereof equal to the Treasury Portfolio Purchase Price, after payment of the Remarketing Agent's Fee. If the Remarketing of the Series B-1 Debentures is Successful, on the Payment Date immediately following the First Remarketing Settlement Date the Purchase Contract Agent shall pay, out of funds received from the Custodial Agent on such date pursuant to Section 7.3 of the Pledge Agreement,

the Proceeds of the portion of the Treasury Portfolio corresponding to clause (ii) of the definition of such term, to each Holder of Corporate Units on the Record Date for such Payment Date, its *pro rata* share of such amount.

(ii) With respect to the Debentures of any series that constitute part of Corporate Units that are subject to a Failed Remarketing, the Collateral Agent for the benefit of the Company reserves all of its rights as a secured party with respect thereto and, subject to applicable law and Section 5.02(c) below, may, among other things, (A) retain such Debentures in full satisfaction of the Holders' obligations under the Stock Purchase Contracts on the applicable Stock Purchase Date or (B) sell such Debentures in one or more public or private sales or otherwise.

(iii) Prior to 5:00 p.m. (New York City time) on the second Business Day immediately preceding any Remarketing Period Start Date, Holders of Separate Debentures may elect to have their Separate Debentures remarketed under the relevant Remarketing Agreement by delivering their Separate Debentures, along with a notice of such election, substantially in the form of Exhibit F to the Pledge Agreement, to the Custodial Agent. The Custodial Agent shall hold Separate Debentures in an account separate from the Collateral Account in which the Pledged Debentures are held. Holders of Separate Debentures electing to have their Separate Debentures remarketed will also have the right to withdraw that election by written notice to the Custodial Agent, substantially in the form of Exhibit G to the Pledge Agreement, by 5:00 p.m. (New York City time) on the second Business Day immediately preceding the applicable Remarketing Period Start Date, upon which notice the Custodial Agent shall return such Separate Debentures to such Holder. Promptly after 5:00 p.m. on the Business Day immediately preceding the applicable Remarketing Period Start Date, the Custodial Agent shall notify the Remarketing Agent of the aggregate Principal Amount of the Separate Debentures to be remarketed. After such time, such election shall become an irrevocable election to have such Separate Debentures remarketed in such Remarketing.

(iv) The Purchase Contract Agent shall give Holders of Equity Units, notice of a Remarketing at least 21 Business Days prior to the applicable Remarketing Period Start Date. Such notice will set forth the information required to be set forth in the notice pursuant to Section 2.1(p) of the applicable Supplemental Indenture.

(v) As soon as practicable after 5:00 p.m. (New York City time) on the second Business Day immediately preceding the Remarketing Period Start Date, the Collateral Agent, based on the notices received by the Collateral Agent pursuant to Section 5.02(b)(ii), shall promptly notify the Purchase Contract Agent of the aggregate Principal Amount of Debentures to be tendered for purchase in the Remarketing in a notice pursuant to the terms of the Pledge Agreement.

(b) (i) Unless an Early Settlement or a Cash Merger Early Settlement has occurred, each Holder of Equity Units (other than a Corporate Unit as to which an interest in a Treasury Portfolio has replaced an interest in a series of Debentures) shall have the right to satisfy such Holder's obligations under the Stock Purchase Contract with respect to any Stock Purchase Date with cash by notifying the Purchase Contract Agent by use of a notice in substantially the form of Exhibit E of its intention to settle with cash ("*Settlement with Cash*") duly completed and executed on the reverse of the Corporate Unit Certificate surrendered to the Purchase Contract Agent by 11:00 a.m. (New York City time) on the second Business Day immediately preceding the applicable Stock Purchase Date (but in no event prior to the

completion of the immediately preceding Remarketing Period); *provided* that Holders may only do so in integral multiples of 40 Corporate Units. Promptly following 5:00 p.m. (New York City time) on the second Business Day immediately preceding such Stock Purchase Date, the Purchase Contract Agent shall notify the Collateral Agent of the receipt of such notices from Holders intending to make a Settlement with Cash by use of a notice in substantially the form of Exhibit F.

(ii) A Holder of Equity Units who has so notified the Purchase Contract Agent of its intention to effect a Settlement with Cash shall, for each 40 Corporate Units to which such notice applies, deposit with the Collateral Agent \$1,000 (payable to the Collateral Agent in immediately available funds) by 11:00 a.m. (New York City time) on the Business Day immediately preceding the applicable Stock Purchase Date. The cash so received shall be delivered to the Company on the applicable Stock Purchase Date in settlement of the obligations of the Holders under Stock Purchase Contracts on such Stock Purchase Date in accordance with the terms of this Agreement and the Pledge Agreement.

(iii) If a Holder of Corporate Units does not notify the Purchase Contract Agent of its intention to make a Settlement with Cash in accordance with Section 5.02(b)(i), or does notify the Purchase Contract Agent in accordance with Section 5.02(b)(i), but fails to make such deposit as required by Section 5.02(b)(ii), its notice delivered pursuant to Section 5.02(b)(ii) shall automatically be deemed withdrawn and without effect.

(iv) If a Holder of a Treasury Unit has given notice of its intention to make a Settlement with Cash in accordance with Section 5.02(b)(i) fails to deliver the cash to the Collateral Agent on the Business Day immediately preceding the applicable Stock Purchase Date, the proceeds from the applicable Qualifying Treasury Securities will automatically be applied to satisfy such Holder's obligation to purchase Common Stock on such Stock Purchase Date.

(c) The obligations of the Holders to pay the Purchase Price on any Stock Purchase Date are non-recourse obligations and, except to the extent satisfied by Early Settlement, Cash Merger Early Settlement or pursuant to Section 5.02(b), are payable solely out of the Proceeds of any Collateral pledged to secure the obligations of the Holders with respect to such Purchase Price, and in no event will Holders be liable for any deficiency between the Proceeds of the disposition of Collateral and the Purchase Price.

(d) The Company shall not be obligated to issue any shares of Common Stock in respect of a Stock Purchase Contract on any Stock Purchase Date or deliver any certificates thereof to the Holder of the related Equity Units unless the Company shall have received payment for the Common Stock to be purchased thereunder on such Stock Purchase Date in the manner herein set forth.

**Section 5.03** *Issuance of Shares of Common Stock.*

Unless a Termination Event, an Early Settlement or a Cash Merger Early Settlement shall have occurred, on each Stock Purchase Date upon receipt of the aggregate Purchase Price payable on all Outstanding Equity Units with respect to such Stock Purchase Date, the Company shall issue and deposit with the Purchase Contract Agent, for the benefit of the Holders of the Outstanding Equity Units, by book-entry transfer or in the form of one or more certificates representing newly issued or treasury shares of Common Stock registered in the name of the Purchase Contract Agent (or its nominee) as custodian for the Holders (such certificates for shares of Common Stock, together with any dividends or distributions for which a record date and payment date for such dividend or distribution has occurred after the close of business on the date of delivery of the shares of Common Stock to the Purchase Contract Agent, being

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hereinafter referred to as the “*Stock Purchase Contract Settlement Fund*”) to which the Holders are entitled hereunder.

Subject to the foregoing, upon delivery on or after any Stock Purchase Date, the Early Settlement Date or the Cash Merger Early Settlement Date, of the applicable settlement instructions forming part of the Certificate for each Equity Unit (and in the case of the Third Stock Purchase Date, the Early Settlement Date or the Cash Merger Early Settlement Date, the surrender of such Certificate) to the Purchase Contract Agent on or after the applicable Stock Purchase Date, the Early Settlement Date or the Cash Merger Early Settlement Date, as the case may be, together with IRS Forms W-8 or W-9 or substitute thereof (as appropriate) duly completed and executed, the Holder of such Certificate shall be entitled to receive forthwith in respect thereof or exchange therefor, by book-entry transfer or in the form of a certificate, that whole number of newly issued or treasury shares of Common Stock that such Holder is entitled to receive pursuant to the provisions of this Article V (after taking into account all Equity Units then held by such Holder), together with cash in lieu of fractional shares as provided in Section 5.08 and any dividends or distributions with respect to such shares constituting part of the Stock Purchase Contract Settlement Fund, but without any interest thereon. Any Certificate so surrendered shall forthwith be cancelled. Such shares shall be registered in the name of the Holder or the Holder’s designee as specified in the settlement instructions provided by the Holder to the Purchase Contract Agent. If any shares of Common Stock issued in respect of a Stock Purchase Contract are to be registered to a Person other than the Person in whose name the Certificate evidencing a Equity Units of which such Stock Purchase Contract forms a part is registered, no such registration shall be made unless the Person requesting such registration has paid any transfer and other taxes required by reason of such registration in a name other than that of the registered Holder of the Certificate evidencing such Stock Purchase Contract or has established to the satisfaction of the Company that such tax either has been paid or is not payable.

**Section 5.04 Adjustment of Fixed Settlement Rates.**

(a) Each Fixed Settlement Rate and the number of shares of Common Stock or, if applicable, the number of Make-Whole Shares, to be delivered upon an Early Settlement or Cash Merger Early Settlement will 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 each Fixed Settlement Rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times (OS_1 / OS_0)$$

where,

- SR<sub>0</sub> = the Fixed Settlement Rate in effect at the close of business on the record date
- SR<sub>1</sub> = the Fixed Settlement Rate in effect immediately after the record date
- OS<sub>0</sub> = 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<sub>1</sub> = the number of shares of Common Stock that would be outstanding immediately after, and solely as a result of, such event

(ii) the issuance to all holders of Common Stock of certain rights, options or warrants entitling them for a period expiring 60 days or less from the date of issuance of such rights, options or warrants to purchase shares of Common Stock at less than the Current Market Price of

Common Stock as of the record date, in which event each Fixed Settlement Rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times (OS_0 + X) / (OS_0 + Y)$$

where,

- SR<sub>0</sub> = the Fixed Settlement Rate in effect at the close of business on the record date
- SR<sub>1</sub> = the Fixed Settlement Rate in effect immediately after the record date
- OS<sub>0</sub> = the number of shares of Common Stock outstanding at the close of business on the record date
- X = the total number of shares of Common Stock issuable pursuant to such rights, options or warrants
- Y = the aggregate price payable to exercise such rights divided by the average of the VWAP per share of the Common Stock over each of the 10 consecutive Trading Days prior to the Business Day immediately preceding the announcement of the issuance of such rights, options or warrants

However, each Fixed Settlement Rate will be readjusted to the extent that any such rights, options or warrants are not exercised prior to their expiration.

(iii) the dividend or other distribution to all holders of Common Stock of shares of capital stock of the Company (other than Common Stock), rights to acquire capital stock of the Company or evidences of the Company's indebtedness or the Company's assets (excluding any dividend, distribution or issuance covered by clauses (i) or (ii) above or (iv) or (v) below) in which event each Fixed Settlement Rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times SP_0 / (SP_0 - FMV)$$

where,

- SR<sub>0</sub> = the Fixed Settlement Rate in effect at the close of business on the record date
- SR<sub>1</sub> = the Fixed Settlement Rate in effect immediately after the record date
- SP<sub>0</sub> = the Current Market Price as of the record date
- FMV = the fair market value (as determined in good faith by the Board of Directors, whose good faith determination when evidenced by a Board Resolution shall be conclusive and binding), on the record date, of the shares of capital stock of the Company, rights to acquire capital stock, evidences of indebtedness or assets so distributed, expressed as an amount per share of Common Stock

However, if the transaction that gives rise to an adjustment pursuant to this clause (iii) is one pursuant to which the payment of a dividend or other distribution on Common Stock consist of shares of capital stock of the Company of, or similar equity interests in, a subsidiary or other business unit of the Company, that are, or, when issued, will be, traded on a U.S. securities exchange, then each Fixed Settlement Rate will instead be adjusted based on the following formula:

$$SR_1 = SR_0 \times (FMV_0 + MP_0) / MP_0$$

where,

- SR<sub>0</sub> = the Fixed Settlement Rate in effect at the close of business on the record date  
SR<sub>1</sub> = the Fixed Settlement Rate in effect immediately after the record date  
FMV<sub>0</sub> = the average of the VWAP of the capital stock or similar equity interests distributed to holders of Common Stock applicable to one share of Common Stock over each of the 10 consecutive Trading Days commencing on and including the third Trading Day after the date on which “ex-distribution trading” commences for such dividend or distribution with respect to Common Stock on the NYSE or such other national or regional exchange or market that is at that time the principal market for the Common Stock  
MP<sub>0</sub> = the average of the VWAP per share of the Common Stock over each of the 10 consecutive Trading Days commencing on and including the third Trading Day after the date on which “ex-distribution trading” commences for such dividend or distribution with respect to Common Stock on the NYSE or such other national or regional exchange or market that is at that time the principal market for the Common Stock

(iv) the Company makes a distribution consisting exclusively of cash to all holders of Common Stock, excluding (a) any cash dividend on Common Stock to the extent that the aggregate cash dividend per share of Common Stock does not exceed (i) \$0.22 in the then current fiscal quarter in the case of a regular quarterly dividend or (ii) \$0.88 in the prior twelve months in the case of a regular annual dividend (each such number, the “*Dividend Threshold Amount*”), (b) any cash that is distributed as part of a distribution referred to in clause (iii) above, and (c) any consideration payable in connection with a tender or exchange offer made by the Company or any of the Company’s subsidiaries referred to in clause (v) below, in which event, each Fixed Settlement Rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times SP_0 / (SP_0 - C)$$

where,

- SR<sub>0</sub> = the Fixed Settlement Rate in effect at the close of business on the record date  
SR<sub>1</sub> = the Fixed Settlement Rate in effect immediately after the record date  
SP<sub>0</sub> = the Current Market Price as of the record date  
C = the excess of the amount in cash per share of Common Stock the Company distributes to holders over the Dividend Threshold Amount

The Dividend Threshold Amount is subject to adjustment on an inversely proportional basis whenever the Fixed Settlement Rates are adjusted, provided that no adjustment will be made to the dividend threshold amount for any adjustment made to the Fixed Settlement Rates pursuant to this clause (iv). For the avoidance of doubt, the Dividend Threshold Amount will be zero in the case of a cash dividend amount that is not a regular quarterly or annual dividend.

(v) the Company or one or more of its subsidiaries make purchases of Common Stock pursuant to a tender offer or exchange offer by the Company or a subsidiary of the Company for Common Stock to the extent that the cash and value of any other consideration included in the payment per share of Common Stock validly tendered or exchanged exceeds the VWAP per share of Common Stock on the Trading Day next succeeding the last date on which

tenders or exchanges may be made pursuant to such tender or exchange offer (the “*expiration date*”), in which event each Fixed Settlement Rate will be adjusted based on the following formula:

$$SR_1 = SR_0 \times [(FMV + (SP_1 \times OS_1)) / (SP_1 \times OS_0)]$$

where,

- SR<sub>0</sub> = the Fixed Settlement Rate in effect at the close of business on the expiration date
- SR<sub>1</sub> = the Fixed Settlement Rate in effect immediately after the expiration date
- FMV = the fair market value (as determined in good faith by the Board of Directors whose good faith determination when evidenced by a Board Resolution will be conclusive and binding), on the expiration date, of the aggregate value of all cash and any other consideration paid or payable for shares validly tendered or exchanged and not withdrawn as of the expiration date (the “*Purchased Shares*”)
- OS<sub>1</sub> = the number of shares of Common Stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the “*Expiration Time*”) less any Purchased Shares
- OS<sub>0</sub> = the number of shares of Common Stock outstanding at the Expiration Time, including any Purchased Shares
- SP<sub>1</sub> = the average of the VWAP per share of the Common Stock over each of the 10 consecutive Trading Days commencing with the Trading Day immediately after the expiration date.

(vi) *Calculation of Adjustments.* All adjustments to the Fixed Settlement Rates shall be calculated by the Company to the nearest 1/10,000th of one share of Common Stock (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). No adjustment to the Fixed Settlement Rates shall be required unless such adjustment would require an increase or a decrease of at least one percent in the Fixed Settlement Rate; *provided* that any adjustments not so made shall be carried forward and taken into account in any subsequent adjustment and notwithstanding whether or not such 1/10,000th of a share threshold shall have been met, all such adjustments shall be made (x) upon the end of the Company’s fiscal year and (y) on the applicable Stock Purchase Date, Cash Merger Early Settlement Date or Early Settlement Date. If an adjustment is made to the Fixed Settlement Rates pursuant to clauses (i) through (v) or (vii) of this Section 5.04(a), an adjustment shall also be made to the Reference Price and the Threshold Appreciation Price on an inversely proportional basis solely to determine which of clauses of the definition of Settlement Rate will be applicable on each Stock Purchase Date or any Cash Merger Early Settlement Date occurring after the date of such adjustment; *provided* that if such adjustment to the applicable Fixed Settlement Rate is required to be made pursuant to the occurrence of any of the events contemplated by clauses (i) through (v) or (vii) of this Section 5.04(a) during the applicable Observation Period, appropriate and customary adjustments shall be made to the VWAP per share of the Common Stock.

(vii) *When No Adjustment Required.* No adjustment of the Fixed Settlement Rates, and the number of shares to be delivered on Early Settlement need be made as a result of: (1) the issuance of the rights; (2) the distribution of separate certificates representing the rights; (3) the exercise or redemption of the rights in accordance with any rights agreement; or (4) the

termination or invalidation of the rights, in each case, pursuant to any stockholder rights plans adopted by the Company from time to time; *provided, however,* that to the extent that the Company has a stockholder rights plan in effect on any Stock Purchase Date, the Holder shall receive, in addition to the shares of Common Stock, the rights under such rights plan, unless, prior to such Stock Purchase Date, the rights have separated from the Common Stock, in which case the applicable Fixed Settlement Rate will be adjusted at the time of separation as if the Company made a distribution to all holders of Common Stock as described in clause (iii) of this Section 5.04(a) including for the purposes of this paragraph only, shares of Common Stock and assets issuable upon exercise of rights under a stockholder rights plan, subject to readjustment in the event of the expiration, termination or redemption of the rights.

No adjustment to any Fixed Settlement Rate shall be made that reduces the amount payable per share of Common Stock pursuant to the Stock Purchase Contracts below the par value per share thereof.

No adjustment to Fixed Settlement Rates need be made:

- (1) upon the issuance of any shares of Common Stock or securities convertible into, or exercisable or exchangeable for, Common Stock in public or private transactions at any price that the Company deems appropriate;
- (2) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Company and the investment of additional optional amounts in shares of Common Stock under any plan of that type;
- (3) upon the issuance of any shares of Common Stock or options or rights to purchase those shares or any other award that relates to, or has a value derived from the value of the Common Stock, in each case issued pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of its subsidiaries;
- (4) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security for, Common Stock in public or private transactions at any price deemed appropriate by the Company in its sole discretion;
- (5) for a change in the par value or no par value of the Common Stock;
- (6) for accumulated and unpaid dividends; or
- (7) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the date the Equity Units were first issued.

For purpose of this Section 5.04(a), “*record date*” means, with respect to any dividend, distribution or other transaction or event in which the holders of the Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of

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holders of the Common Stock entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(b) *Adjustment for Consolidation, Merger or Other Reorganization Event.*

(i) In the event of (1) any consolidation or merger of the Company with or into another Person or of another Person with or into the Company (other than a merger or consolidation in which the Company is the continuing corporation and in which the shares of Common Stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of another Person), (2) any sale, transfer, lease or conveyance to another Person of the assets of the Company as an entirety or substantially as an entirety, (3) any statutory share exchange of Common Stock with another Person (other than in connection with a merger or acquisition) or (4) any liquidation, dissolution or winding up of the Company (other than as a result of or after the occurrence of a Termination Event) (any such event, a “*Reorganization Event*”), each share of Common Stock covered by each Stock Purchase Contract immediately prior to such Reorganization Event shall, after such Reorganization Event, be converted for purposes of the Stock Purchase Contract into the kind and amount of securities, cash and other property receivable in such Reorganization Event (without any interest thereon, and without any right to dividends or distribution thereon which have a record date that is prior to the applicable Stock Purchase Date, Cash Merger Early Settlement Date or Early Settlement Date) per share of Common Stock by a holder of Common Stock that is not a Person with which the Company consolidated or into which the Company merged or which merged into the Company or to which such sale, transfer, lease or conveyance was made, or with whom shares were exchanged pursuant to any such statutory share exchange as the case may be (any such Person, a “*Constituent Person*”), or an Affiliate of a Constituent Person to the extent such Reorganization Event provides for different treatment of Common Stock held by the Affiliates and non-Affiliates of a Constituent Person (each such converted share referred to as a “*Exchange Property Unit*”; provided that if holders of Common Stock have the opportunity to elect the form of consideration receivable upon such Reorganization Event, the Exchange Property Unit that Holders of the Corporate Units or Treasury Units will be entitled to receive will be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make an election (or of all such holders if none make an election). On each subsequent Stock Purchase Date or on the Cash Merger Early Settlement Date or Early Settlement Date with respect to any Equity Units, the Settlement Rate shall be determined by reference to the Applicable Market Value of the Exchange Property Units. Following a Reorganization Event, references to the purchase or issuance of shares of Common Stock pursuant to Stock Purchase Contracts will be construed to be references to settlement into Exchange Property Units, and references to the purchase or issuance of any specified number of shares of Common Stock upon the settlement of Stock Purchase Contracts will be construed to be references to settlement into the same number of Exchange Property Units.

In the event of such a Reorganization Event, the Person formed by such consolidation or merger or the Person to whom such sale, transfer, lease or conveyance was made or with whom such statutory share exchange was made or which otherwise acquires the assets of the Company or, in the event of a liquidation or dissolution of the Company, the Company or a liquidating trust created in connection therewith, shall execute and deliver to the Purchase Contract Agent an agreement supplemental hereto providing that the Holder of each Outstanding Equity Unit after the Reorganization Event, if any, shall have the rights provided by this Section 5.04. Such

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supplemental agreement shall provide for adjustments to the amount of any securities constituting all or a portion of an Exchange Property Unit which, for events subsequent to the effective date of such supplemental agreement, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 5.04. The above provisions of this Section 5.04(b)(i) shall similarly apply to successive Reorganization Events.

(ii) In the event the Company is involved in an event described in clause (1) or (2) of Section 5.04(b)(i), in each case in which at least 10% of the consideration received by the holders of Common Stock consists of cash or cash equivalents (a “Cash Merger”), then following the Cash Merger each Holder of an Equity Unit shall have the right (a “Cash Merger Early Settlement Right”) to accelerate and settle (“Cash Merger Early Settlement”) the Stock Purchase Contract forming a part thereof, upon the conditions set forth below, for each \$25 stated amount of each Equity Unit, at the Settlement Rate determined as if the Applicable Market Value equaled the “stock price”, as such term is used in the definition of Make-Whole Shares, and receive, under such circumstances, the applicable Make-Whole Shares; *provided* that no Cash Merger Early Settlement will be permitted pursuant to this Section 5.04(b)(ii) unless, at the time such Cash Merger Early Settlement is effected, there is an effective Registration Statement with respect to any securities to be issued and delivered in connection with such Cash Merger Early Settlement, if such a Registration Statement is required (in the view of counsel, which need not be in the form of a written opinion, for the Company) under the U.S. federal securities laws. If such a Registration Statement is so required, the Company covenants and agrees to use commercially reasonable efforts to (x) have in effect a Registration Statement covering any securities to be delivered in respect of the Stock Purchase Contracts being settled and (y) provide a Prospectus in connection therewith, in each case in a form that may be used in connection with such Cash Merger Early Settlement.

Within five Business Days of the completion of a Cash Merger, the Company shall provide written notice to Holders of Equity Units of such completion of a Cash Merger, which shall specify the deadline for submitting the notice to settle early in cash pursuant to this Section 5.04(b)(ii), the date on which such Cash Merger Early Settlement shall occur (which date shall be at least 10 days after the date of such written notice by the Company, but which shall in no event be later than the earlier of (x) 20 days after the date of such notice and (y) two Business Days prior to the next Stock Purchase Date) (the “Cash Merger Early Settlement Date”) and the date by which each Holder’s Cash Merger Early Settlement Right must be exercised. The notice will set forth, among other things, the applicable Settlement Rate and the amount (per share of Common Stock) of cash, securities, other consideration and, if applicable, Make-Whole Shares receivable by the Holder upon settlement. In addition, if a Holder effects a Cash Merger Early Settlement of some or all of its Stock Purchase Contracts, such Holder shall be entitled to receive, on the Cash Merger Early Settlement Date, the aggregate amount of any accrued and unpaid Contract Adjustment Payments since the immediately preceding Payment Date with respect to such Stock Purchase Contracts and the Company shall credit such amount against the amount otherwise payable by the Holders to effect such Cash Merger Early Settlement (unless the Cash Merger Early Settlement Date occurs after a Record Date and before the related Payment Date, in which case the applicable Purchase Price shall not be reduced by the amount of accrued and unpaid Contract Adjustment Payments).

Corporate Units Holders and Treasury Units Holders may only effect Cash Merger Early Settlement pursuant to this Section 5.04(b)(ii) in integral multiples of 40 Corporate Units or

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Treasury Units, as the case may be. Other than the provisions relating to timing of notice and settlement, which shall be as set forth above, the provisions of Section 5.01(a) shall apply with respect to a Cash Merger Early Settlement pursuant to this Section 5.04(b)(ii).

In order to exercise the right to effect Cash Merger Early Settlement with respect to any Stock Purchase Contracts, the Holder of the Certificate evidencing Equity Units shall deliver, no later than 5:00 p.m. (New York City time) on the third Business Day immediately preceding the Cash Merger Early Settlement Date, such Certificate to the Purchase Contract Agent at the Corporate Trust Office duly endorsed for transfer to the Company or in blank with the form of Election to Settle Early on the reverse thereof duly completed and accompanied by payment of the Purchase Price (payable to the Company in immediately available funds) in an amount equal to (A) the initial or adjusted Stated Amount multiplied by (B) the number of Stock Purchase Contracts with respect to which the Holder has elected to effect Cash Merger Early Settlement, less any credit in respect of Contract Adjustment Payments as set forth above.

If a Holder properly effects an effective Cash Merger Early Settlement in accordance with the provisions of this Section 5.04(b)(ii), the Company will deliver (or will cause the Collateral Agent to deliver) to the Holder on the Cash Merger Early Settlement Date in respect of each Equity Unit so settled:

- (1) the kind and amount of securities, cash or other property receivable upon such Cash Merger by a holder of the number of shares of Common Stock issuable on account of each Stock Purchase Contract if each remaining Stock Purchase Date had occurred immediately prior to such Cash Merger (based on the Settlement Rate in effect at such time), assuming such holder of Common Stock is not a Constituent Person or an Affiliate of a Constituent Person to the extent such Cash Merger provides for different treatment of Common Stock held by the Constituent Person and Affiliates of the Constituent Person and non-affiliates and such Holder failed to exercise its rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such Cash Merger (*provided* that if the kind or amount of securities, cash and other property receivable upon such Cash Merger is not the same for each share of Common Stock held immediately prior to such Cash Merger, then for the purpose of this Section 5.04(b)(ii), the kind and amount of securities, cash and other property receivable upon such Cash Merger will be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make an election (or of all such holders if none make an election)). For the avoidance of doubt, for the purposes of determining the appropriate Settlement Rate to be applied in the foregoing sentence, the date of the closing of the Cash Merger shall be deemed to be the relevant Stock Purchase Date;
- (2) the applicable Debentures or applicable Qualifying Treasury Securities, as the case may be, related to the Stock Purchase Contracts with respect to which the Holder is effecting a Cash Merger Early Settlement;
- (3) the Make-Whole Shares, if any; and

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(4) if so required under the Securities Act, a Prospectus as contemplated by this Section 5.04(b)(ii).

If an interest in the Treasury Portfolio has replaced the Debentures of any series as a component of Corporate Units, Holders of the Corporate Units will receive, on the next Stock Purchase Date, \$1,000 in cash for each 40 Corporate Units as to which they have exercised their Cash Merger Early Settlement Right plus the allocable amount of the Proceeds at maturity of the securities described in clause (iii) of the definition of Treasury Portfolio, representing their respective interest in the Treasury Portfolio.

(c) *Successive Adjustments.* After an adjustment to a Fixed Settlement Rate under this Section 5.04, any subsequent event requiring an adjustment under this Section 5.04 shall cause an adjustment to such Fixed Settlement Rate as so adjusted.

(d) *Multiple Adjustments.* For the avoidance of doubt, if an event occurs that would trigger an adjustment to a Fixed Settlement Rate pursuant to this Section 5.04 under more than one subsection hereof, such event, to the extent fully taken into account in a single adjustment, shall not result in multiple adjustments hereunder.

(e) *Other Adjustments.* The Company may, but shall not be required to, make such increases in the Fixed Settlement Rate, in addition to those required by this Section, as the Board of Directors considers to be advisable in order to avoid or diminish any income tax to any holders of shares of Common Stock resulting from any dividend or distribution of stock or issuance of rights or warrants to purchase or subscribe for stock or from any event treated as such for income tax purposes or for any other reason. Any such adjustment to the Fixed Settlement Rate shall be proportionally made to both the Maximum Settlement Rate and the Minimum Settlement Rate.

**Section 5.05** *Notice of Adjustments and Certain Other Events.*

(a) Whenever a Fixed Settlement Rate is adjusted as provided under Section 5.04(a), Section 5.04(b) or Section 5.04(e), the Company shall within 10 Business Days following the occurrence of an event that requires such adjustment (or if the Company is not aware of such occurrence, as soon as reasonably practicable after becoming so aware) or the date the Company makes an adjustment pursuant to Section 5.04(e):

(i) compute each adjusted Fixed Settlement Rate in accordance with Section 5.04 and prepare and transmit to the Purchase Contract Agent an Officers' Certificate setting forth each adjusted Fixed Settlement Rate, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) provide a written notice to the Holders of the Equity Units of the occurrence of such event and a statement in reasonable detail setting forth the method by which the adjustment to each Fixed Settlement Rate was determined and setting forth each adjusted Fixed Settlement Rate.

(b) The Purchase Contract Agent shall not at any time be under any duty or responsibility to any Holder of Equity Units to determine whether any facts exist that may require any adjustment of each Fixed Settlement Rate or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The Purchase Contract Agent shall be

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fully authorized and protected in relying on any Officers' Certificate delivered pursuant to Section 5.05(a)(i) and any adjustment contained therein and the Purchase Contract Agent shall not be deemed to have knowledge of any adjustment unless and until it has received such certificate. The Purchase Contract Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, that may at the time be issued or delivered with respect to any Stock Purchase Contract; and the Purchase Contract Agent makes no representation with respect thereto. The Purchase Contract Agent shall not be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock pursuant to a Stock Purchase Contract or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article V.

**Section 5.06 Termination Event; Notice.**

The Stock Purchase Contracts and all obligations and rights of the Company and the Holders thereunder, including, without limitation, the rights of the Holders to receive and the obligation of the Company to pay any Contract Adjustment Payments (including any accrued and unpaid Contract Adjustment Payments), if the Company shall have such obligation, and the rights and obligations of Holders to purchase Common Stock, shall immediately and automatically terminate, without the necessity of any notice or action by any Holder, the Purchase Contract Agent or the Company, if, prior to or on the Stock Purchase Date, a Termination Event shall have occurred.

Upon and after the occurrence of a Termination Event, the Equity Units shall thereafter represent the right to receive the applicable Debentures or the applicable Qualifying Treasury Securities, as the case may be, forming part of such Equity Units, in accordance with the provisions of Section 5.04 of the Pledge Agreement. Upon the occurrence of a Termination Event, the Company shall promptly but in no event later than two Business Days thereafter give written notice to the Purchase Contract Agent, the Collateral Agent and the Holders, at their addresses as they appear in the Security Register.

**Section 5.07 Early Settlement.**

(a) Subject to and upon compliance with the provisions of this Section 5.07, at the option of the Holder thereof, Stock Purchase Contracts underlying Corporate Units may be settled early ("*Early Settlement*") at any time (other than during a Blackout Period) on or prior to the second Business Day immediately preceding any Stock Purchase Date; *provided* that no Early Settlement will be permitted pursuant to this Section 5.07 unless, at the time such Early Settlement is effected, there is an effective Registration Statement with respect to any securities to be issued and delivered in connection with such Early Settlement, if such a Registration Statement is required (in the view of counsel, which need not be in the form of a written opinion, for the Company) under the Securities Act. If such a Registration Statement is so required, the Company covenants and agrees to use commercially reasonable efforts to (i) have in effect a Registration Statement covering any securities to be delivered in respect of the Stock Purchase Contracts being settled and (ii) provide a Prospectus in connection therewith, in each case in a form that may be used in connection with such Early Settlement.

(b) In order to exercise the right to effect Early Settlement with respect to any Stock Purchase Contracts, the Holder of the Certificate evidencing Equity Units shall deliver such Certificate on or prior to the second Business Day immediately preceding any Stock Purchase Date to the Purchase Contract Agent at the Corporate Trust Office duly endorsed for transfer to the Company or in blank with the "Election to Settle Early" form on the reverse thereof duly completed and accompanied by payment

(payable to the Company in immediately available funds) in an amount (the "*Early Settlement Amount*") equal to the sum of:

(i) (A) the Stated Amount multiplied by (B) the number of Stock Purchase Contracts with respect to which the Holder has elected to effect Early Settlement, *plus*

(ii) if such delivery is made with respect to any Stock Purchase Contracts during the period from the close of business on any Record Date next preceding any Payment Date to the opening of business on such Payment Date, an amount equal to the Contract Adjustment Payments payable on such Payment Date with respect to such Stock Purchase Contracts, unless such Contract Adjustment Payment has been deferred pursuant to Section 5.11.

Except as provided in the immediately preceding sentence, no payment shall be made upon Early Settlement of any Stock Purchase Contract on account of any Contract Adjustment Payments accrued on such Stock Purchase Contract or on account of any dividends on the Common Stock issued upon such Early Settlement. If the foregoing requirements are first satisfied with respect to Stock Purchase Contracts underlying any Equity Units by 5:00 p.m. (New York City time) on a Business Day, such day shall be the "*Early Settlement Date*" with respect to such Equity Units and if such requirements are first satisfied after 5:00 p.m. (New York City time) on a Business Day or on a day that is not a Business Day, the "*Early Settlement Date*" with respect to such Equity Units shall be the next succeeding Business Day.

Upon the receipt of such Certificate and Early Settlement Amount from the Holder, the Purchase Contract Agent shall pay to the Company such Early Settlement Amount, the receipt of which payment the Company shall confirm in writing. The Purchase Contract Agent shall then, in accordance with Section 5.06 of the Pledge Agreement, notify the Collateral Agent that (A) such Holder has elected to effect an Early Settlement, which notice shall set forth the number of such Stock Purchase Contracts as to which such Holder has elected to effect Early Settlement and (B) the Purchase Contract Agent has received from such Holder, and paid to the Company as confirmed in writing by the Company, the related Early Settlement Amount.

Holders of Equity Units may only effect Early Settlement pursuant to this Section 5.07 in integral multiples of 40 Equity Units.

Upon Early Settlement of the Stock Purchase Contracts, the rights of the Holders to receive and the obligation of the Company to pay any Contract Adjustment Payments (including any accrued and unpaid Contract Adjustment Payments) with respect to such Stock Purchase Contracts shall immediately and automatically terminate, *provided* that if such Early Settlement occurs after the close of business on a Record Date and on or prior to the next succeeding Payment Date, then the Contract Adjustment Payment due and payable on such Payment Date will be paid on such Payment Date to the Person who was the record holder of the applicable Equity Units on the applicable Record Date.

(c) Upon Early Settlement of Stock Purchase Contracts by a Holder of the related Equity Units, the Company shall issue, and the Holder shall be entitled to receive, a number of newly issued or treasury shares of Common Stock equal to the Minimum Settlement Rate, as adjusted in the same manner and the same time as the Fixed Settlement Rates are adjusted (the "*Early Settlement Rate*").

(d) No later than the third Business Day after the applicable Early Settlement Date, the Company shall cause:

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(i) the shares of Common Stock issuable upon Early Settlement of Stock Purchase Contracts to be issued and delivered, together with payment in lieu of any fraction of a share, as provided in Section 5.08; and

(ii) the related Pledged Debentures, in the case of Corporate Units, or the related Pledged Treasury Securities, in the case of Treasury Units, to be released from the Pledge by the Collateral Agent, free and clear of the Company's security interest therein, and transferred, in each case, to the Purchase Contract Agent for delivery to the Holder thereof or its designee.

(e) Upon Early Settlement of any Stock Purchase Contracts, and subject to receipt of shares of Common Stock from the Company and the Debentures or Qualifying Treasury Securities, as the case may be, from the Securities Intermediary, as applicable, the Purchase Contract Agent shall, in accordance with the instructions provided by the Holder thereof on the applicable form of Election to Settle Early on the reverse of the Certificate evidencing the related Equity Units:

(i) transfer to the Holder the Debentures or Treasury Securities, as the case may be, forming a part of such Equity Units, and

(ii) deliver to the Holder by book-entry transfer or in the form of a certificate or certificates for the full number of shares of Common Stock issuable upon such Early Settlement, together with payment in lieu of any fraction of a share, as provided in Section 5.08, as received from the Company.

(f) In the event that Early Settlement is effected with respect to Stock Purchase Contracts underlying less than all the Equity Units evidenced by a Certificate, upon such Early Settlement the Company shall execute and the Purchase Contract Agent shall execute on behalf of the Holder, authenticate and deliver to the Holder thereof, at the expense of the Company, a Certificate evidencing the Equity Units as to which Early Settlement was not effected.

(g) A Holder of an Equity Unit who effects Early Settlement may elect to have the Separate Debentures remarketed in accordance with the provisions of Section 5.02.

**Section 5.08** *No Fractional Shares.*

No fractional shares of Common Stock shall be issued or delivered upon settlement on any Stock Purchase Date, or upon Early Settlement or Cash Merger Early Settlement of any Stock Purchase Contracts. If Certificates evidencing more than one Stock Purchase Contract shall be surrendered for settlement at one time by the same Holder, the number of full shares of Common Stock that shall be delivered upon settlement shall be computed on the basis of the aggregate number of Stock Purchase Contracts evidenced by the Certificates so surrendered. Instead of any fractional share of Common Stock that would otherwise be deliverable upon settlement of any Stock Purchase Contracts on any Stock Purchase Date, or upon Early Settlement or Cash Merger Early Settlement, the Company, through the Purchase Contract Agent, shall make a cash payment in respect of such fractional interest in an amount equal to the percentage of such fractional share multiplied by the Closing Price of the Common Stock as of the Trading Day immediately preceding such Stock Purchase Date, or as of the third Trading Day preceding such Early Settlement or Cash Merger Early Settlement. The Company shall provide the Purchase Contract Agent from time to time with sufficient funds to permit the Purchase Contract Agent to make all cash payments required by this Section 5.08 in a timely manner.

**Section 5.09 Charges and Taxes.**

The Company will pay all stock transfer and similar taxes attributable to the initial issuance and delivery of the shares of Common Stock pursuant to the Stock Purchase Contracts; *provided, however*, that the Company shall not be required to pay any such tax or taxes that may be payable in respect of any exchange of, or substitution for, a Certificate evidencing Equity Units or any issuance of a share of Common Stock in a name other than that of the registered Holder of a Certificate surrendered in respect of the Equity Units evidenced thereby, other than in the name of the Purchase Contract Agent, as custodian for such Holder, and the Company shall not be required to issue or deliver such certificate or share of Common Stock unless or until the Person or Persons requesting the transfer or issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

**Section 5.10 Contract Adjustment Payments.**

(a) Subject to Section 5.10(d) and Section 5.11, the Company shall pay, on each Payment Date, the Contract Adjustment Payments (net of any withholding tax required by law to be withheld by the Company on such payments, which shall be remitted to the appropriate taxing jurisdiction and shall be treated as if paid hereunder) payable in respect of each Stock Purchase Contract to the Person in whose name a Certificate is registered at the close of business on the Record Date. The Contract Adjustment Payments will be payable at the office of the Purchase Contract Agent in the Borough of Manhattan, New York City maintained for that purpose. Contract Adjustment Payments will be payable, at the option of the Company, by check mailed to the address of the Person entitled thereto at such Person's address as it appears on the Security Register, or, at the Company's option, by wire transfer to the account designated by such Person by a prior written notice to the Purchase Contract Agent. If any date on which Contract Adjustment Payments are to be made is not a Business Day, then payment of the Contract Adjustment Payments payable on such date will be made on the next succeeding day that is a Business Day (and without any interest in respect of such delay). Contract Adjustment Payments payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. The Contract Adjustment Payments will accrue from May 16, 2008.

(b) Upon the occurrence of a Termination Event, the Company's obligation to pay future Contract Adjustment Payments (including any accrued Contract Adjustment Payments) shall cease without any further action of any Person.

(c) Each Certificate delivered under this Agreement upon registration of transfer of or in exchange for or in lieu of (including as a result of a Collateral Substitution or the recreation of Corporate Units) any other Certificate shall carry the right to accrued and unpaid Contract Adjustment Payments, which right was carried by the Stock Purchase Contracts underlying such other Certificates.

(d) In the case of any Equity Units with respect to which Early Settlement or Cash Merger Early Settlement of the underlying Stock Purchase Contract is effected on a date that is after any Record Date and prior to or on the next succeeding Payment Date, Contract Adjustment Payments otherwise payable on such Payment Date shall be payable on such Payment Date notwithstanding such Early Settlement or Cash Merger Early Settlement, and such Contract Adjustment Payments shall be paid to the Person in whose name the Certificate evidencing such Equity Units is registered at the close of business on such Record Date, it being understood that the Holder electing Early Settlement must make the required payment in order to elect Early Settlement and the applicable Purchase Price payable by the Holder electing Cash Merger Early Settlement shall not be reduced by the amount of such payment.



Except as otherwise expressly provided in the immediately preceding sentence, Contract Adjustment Payments that would otherwise be payable after the Early Settlement or Cash Merger Early Settlement Date with respect to such Stock Purchase Contract shall not be payable.

(e) The Company's obligations with respect to Contract Adjustment Payments will be subordinated and junior in right of payment to the Company's obligations under any existing or future Senior Debt as provided in this Section 5.10. The Company's obligations with respect to Contract Adjustment Payments will rank *pari passu* with the Company's Debentures, 6.25% Series A-1 Junior Subordinated Debentures, 5.75% Series A-2 Junior Subordinated Debentures, 4.875% Series A-3 Junior Subordinated Debentures, 6.45% Series A-4 Junior Subordinated Debentures and 7.70% Series A-5 Junior Subordinated Debentures.

(f) In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or similar case or proceeding in connection therewith, relative to the Company or to its creditors, as such, or to its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company, then and in any such event the holders of Senior Debt shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all Senior Debt (including any interest accruing thereon after the commencement of any such case of proceeding), or provision shall be made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, before the Holders are entitled to receive any Contract Adjustment Payment, and to that end the holders of Senior Debt shall be entitled to receive, for application to the payment thereof, any payment of distribution of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Contract Adjustment Payment, which may be payable or deliverable in respect of the Contract Adjustment Payment in any such case, proceeding, liquidation, dissolution or other winding up event. The consolidation of the Company with, or the merger of the Company into, or the conveyance, transfer or lease by the Company of its properties and assets substantially as an entirety to, another Person, or the liquidation or dissolution of the Company following any such conveyance or transfer, shall not be deemed a dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors or marshalling of assets and liabilities of the Company for the purposes of this paragraph (f).

(g) Subject to the last sentence of this paragraph (g), in the event that any event of default with respect to any Senior Debt specified in clause (i) of the definition thereof in a principal amount in excess of \$100,000,000 shall have occurred and be continuing and resulted in the acceleration of the payment of the principal of such Senior Debt prior to the date on which it would otherwise have become due and payable (*provided* that if such declaration of acceleration shall have been rescinded or annulled, then such acceleration shall be deemed not to have occurred for the purpose of this paragraph (g)), then no Contract Adjustment Payment (including any payment which may be payable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Contract Adjustment Payments) shall be made by the Company. No acceleration of any Senior Debt shall be deemed to be an acceleration of the kind specified above if (x) the Company shall be disputing the occurrence or continuation of such acceleration and (y) no final judgment holding that such acceleration has occurred shall have been issued. For this purpose, a "*final judgment*" means a judgment that is issued by a court having jurisdiction over the Company, is binding on the Company, is in full force and effect and is not subject to judicial appeal or review (including because the time within which a party may seek

appeal or review has expired), *provided* that, if any such judgment has been issued but is subject to judicial appeal or review, it shall nevertheless be deemed to be a final judgment unless the Company shall in good faith be prosecuting such appeal or a proceeding for such review.

(h) For purposes of Section 5.10(f) through (q), the words “cash, property or securities” shall be deemed not to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other Person provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in Section 5.10(f) through (q) with respect to such Contract Adjustment Payments on the Equity Units to the payment of all existing and future Senior Debt that may at the time be outstanding.

(i) Subject to the irrevocable payment in full of all existing and future Senior Debt, the Holders of the Equity Units shall be subrogated (equally and ratably with the holders of all obligations of the Company that by their express terms are subordinated to Senior Debt of the Company to the same extent as payment of the Contract Adjustment Payments in respect of the Stock Purchase Contracts underlying the Equity Units is subordinated and that are entitled to like rights of subrogation) to the rights of the holders of Senior Debt to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Debt until all such Contract Adjustment Payments owing on the Equity Units shall be paid in full, and as between the Company, its creditors other than holders of such Senior Debt and the Holders, no such payment or distribution made to the holders of Senior Debt by virtue of Section 5.10(f) through (q) that otherwise would have been made to the Holders shall be deemed to be a payment by the Company on account of such Senior Debt, it being understood that the provisions of Section 5.10(f) through (q) are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of Senior Debt, on the other hand.

(j) Nothing contained in Section 5.10(f) through (q) or elsewhere in this Agreement or in the Equity Units is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Debt and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders such Contract Adjustment Payments on the Equity Units as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of Senior Debt, nor shall anything herein or therein prevent the Purchase Contract Agent or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Agreement, subject to the rights, if any, under Section 5.10(f) through (q), of the holders of Senior Debt in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

(k) Upon payment or distribution of assets of the Company referred to in Section 5.10(f) through (q), the Purchase Contract Agent and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any such dissolution, winding up, liquidation or reorganization proceeding affecting the affairs of the Company is pending or upon a certificate of the trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or Purchase Contract Agent or other person making any payment or distribution, delivered to the Purchase Contract Agent or to the Holders, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Debt and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to Section 5.10(f) through (q).

(l) The Purchase Contract Agent shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Debt (or a trustee or representative on

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behalf of such holder) to establish that such notice has been given by a holder of Senior Debt or a trustee or representative on behalf of any such holder or holders. In the event that the Purchase Contract Agent determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to Section 5.10(f) through (q), the Purchase Contract Agent may request such Person to furnish evidence to the reasonable satisfaction of the Purchase Contract Agent as to the amount of Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under Section 5.10(f) through (q), and, if such evidence is not furnished, the Purchase Contract Agent may defer payment to such Person pending judicial determination as to the right of such Person to receive such payment.

(m) Nothing contained in Section 5.10(f) through (q) shall affect the obligations of the Company to make, or prevent the Company from making, payment of the Contract Adjustment Payments, except as otherwise provided in this Section 5.10(f) through (q).

(n) Each Holder of Equity Units, by its acceptance thereof, shall be deemed to have authorized and directed the Purchase Contract Agent on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in Section 5.10(f) through (q) and appointed the Purchase Contract Agent its attorney-in-fact, as the case may be, for any and all such purposes.

(o) The Company shall give prompt written notice to the Purchase Contract Agent of any fact known to the Company that would prohibit the making of any payment of moneys to or by the Purchase Contract Agent in respect of the Equity Units pursuant to the provisions of this Section. Notwithstanding the provisions of Section 5.10(f) through (q) or any other provisions of this Agreement, the Purchase Contract Agent shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment of moneys to or by the Purchase Contract Agent, or the taking of any other action by the Purchase Contract Agent, unless and until the Purchase Contract Agent shall have received written notice thereof mailed or delivered to the Purchase Contract Agent at its Corporate Trust Office department from the Company, any Holder, or the holder or representative of any Senior Debt; *provided* that if at least two Business Days prior to the date upon which by the terms hereof any such moneys may become payable for any purpose, the Purchase Contract Agent shall not have received with respect to such moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Purchase Contract Agent shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received and shall not be affected by any notice to the contrary that may be received by it within two Business Days prior to or on or after such date.

(p) The Purchase Contract Agent in its individual capacity shall be entitled to all the rights set forth in this Section with respect to any Senior Debt at the time held by it, to the same extent as any other holder of Senior Debt and nothing in this Agreement shall deprive the Purchase Contract Agent of any of its rights as such holder.

(q) No right of any present or future holder of any Senior Debt to enforce the subordination herein shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any noncompliance by the Company with the terms, provisions and covenants of this Agreement, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Purchase Contract Agent

or the Holders, without incurring responsibility to the Holders and without impairing or releasing the subordination provided by this Section 5.10 or the obligations hereunder of the Holders to the holders of Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt or otherwise amend or supplement in any manner Senior Debt or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iii) release any Person liable in any manner for the collection of Senior Debt; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

(r) Nothing in this Section 5.10 shall apply to claims of, or payments to, the Purchase Contract Agent under or pursuant to Section 7.07.

(s) With respect to the holders of existing and future Senior Debt, (i) the duties and obligations of the Purchase Contract Agent shall be determined solely by the express provisions of this Agreement; (ii) the Purchase Contract Agent shall not be liable to any such holders if it shall, acting in good faith, mistakenly pay over or distribute to the Holders or to the Company or any other Person cash, property or securities to which any holders of existing and future Senior Debt shall be entitled by virtue of this Section 5.10 or otherwise; (iii) no implied covenants or obligations shall be read into this Agreement against the Purchase Contract Agent; and (iv) the Purchase Contract Agent shall not be deemed to be a fiduciary as to such holders.

**Section 5.11** *Deferral of Contract Adjustment Payments.*

(a) The Company shall have the right, at any time prior to August 1, 2011, to defer the payment of any or all of the Contract Adjustment Payments otherwise payable on any Payment Date, but only if the Company shall give the Holders and the Purchase Contract Agent written notice of its election to defer each such Contract Adjustment Payment (specifying the amount to be deferred) at least one Business Day prior to such Record Date. Any failure of the Company to make any Contract Adjustment Payment within five Business Days of the Payment Date shall be deemed without any further action of any Person to commence a deferral period with respect to that Contract Adjustment Payment. Any Contract Adjustment Payments so deferred shall, to the extent permitted by law, accrue interest thereon at the rate of 5.67% per year (computed on the basis of a 360-day year of twelve 30-day months), compounding on each succeeding Payment Date, until paid in full (such deferred installments of Contract Adjustment Payments, if any, together with the additional Contract Adjustment Payments, if any, accrued thereon, being referred to herein as the “*Deferred Contract Adjustment Payments*”). Deferred Contract Adjustment Payments, if any, shall be due on the next succeeding Payment Date except to the extent that payment is deferred pursuant to this Section 5.11. No Contract Adjustment Payments may be deferred to a date that is after August 1, 2011 and no such deferral period may end other than on a Payment Date. If the Stock Purchase Contracts are terminated upon the occurrence of a Termination Event, the Holder’s right to receive Contract Adjustment Payments, if any, and any Deferred Contract Adjustment Payments, will terminate.

(b) In the event that the Company elects to defer the payment of Contract Adjustment Payments on the Stock Purchase Contracts until a Payment Date prior to the Third Stock Purchase Date, then all Deferred Contract Adjustment Payments, if any, shall be payable to the registered Holders as of the close of business on the Record Date immediately preceding such Payment Date. The Company may elect to make payment of deferred Contract Adjustment Payments to Holders who are registered at the close of business on a “*Special Record Date*” which shall be fixed to be not more than 15 Business Days and not less than 10 Business Days prior to the date of the proposed payment. The Special Record Date

shall not occur less than 10 Business Days after receipt by the Purchase Contract Agent of the notice of the proposed payment by the Company. Upon receipt of such notice, the Purchase Contract Agent shall promptly notify such registered Holders not less than 10 days prior to the Special Record Date. If the Company establishes a Special Record Date, the Contract Adjustment Payments will cease to be payable to Holders of record on the applicable Record Date and instead will be payable to Holders of record on the Special Record Date.

(c) In the event that the Company elects to defer the payment of Contract Adjustment Payments on the Third Stock Purchase Date, each Holder will receive in respect of such deferred payments on such Stock Purchase Date in lieu of a cash payment, in the sole discretion of the Company, either (i) a number of shares of Common Stock (in addition to a number of shares of Common Stock per Equity Units equal to the Settlement Rate) equal to (A) the aggregate amount of Deferred Contract Adjustment Payments payable to such Holder (net of any required tax withholding on such Deferred Contract Adjustment Payment, which shall be remitted to the appropriate taxing jurisdiction) divided by (B) the greater of (x) the Applicable Market Value and (y) \$12.67, subject in each case to adjustment in the same manner and under the same circumstances as the Fixed Settlement Rates pursuant to Section 5.04, or (ii) Additional Debentures that will (A) have a principal amount equal to the aggregate amount of Deferred Contract Adjustment Payments, (B) mature on the later of August 1, 2014 or the date that is five years after commencement of the deferral period, (C) bear interest at an annual rate equal to the then market rate of interest for similar instruments (not to exceed 10%), as determined by a nationally recognized investment banking firm selected by the Company, (D) rank *pari passu* with the Debentures and be issued as a series of debt securities under the Base Indenture, (E) provide for optional deferral on the same basis as the Debentures and (F) be redeemable at the option of the Company at any time at their principal amount plus accrued and unpaid interest through the date of redemption.

(d) No fractional shares of Common Stock will be issued by the Company with respect to the payment of Deferred Contract Adjustment Payments on the Third Stock Purchase Date. In lieu of fractional shares otherwise issuable with respect to such payment of Deferred Contract Adjustment Payments, the Holder will be entitled to receive an amount in cash as provided in Section 5.08.

(e) In the event the Company gives notice of a deferral period as provided in Section 5.11(a) or a deferral period has commenced then, until the earlier of (x) the Termination Date, (y) the date on which the Deferred Contract Adjustment Payments have been paid or (z) the date on which the Additional Debentures are no longer outstanding, the Company shall be subject to the restrictions set forth in Section 2.1(g) of each Supplemental Indenture.

## ARTICLE VI

### RIGHTS AND REMEDIES OF HOLDERS

#### **Section 6.01** *Unconditional Right of Holders to Receive Contract Adjustment Payments and to Purchase Shares of Common Stock.*

Each Holder of an Equity Unit shall have the right, which is absolute and unconditional, (i) subject to Article V (and to any withholding tax), to receive each Contract Adjustment Payment with respect to the Stock Purchase Contract comprising part of such Equity Unit on the respective Payment Date for such Equity Unit and (ii) except upon and following a Termination Event, to purchase shares of Common Stock pursuant to such Stock Purchase Contract on each Stock Purchase Date and, in each such case, to institute suit for the enforcement of any such right to receive Contract Adjustment Payments and

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the right to purchase shares of Common Stock, and such rights shall not be impaired without the consent of such Holder.

**Section 6.02** *Restoration of Rights and Remedies.*

If any Holder has instituted any proceeding to enforce any right or remedy under this Agreement and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to such Holder, then and in every such case, subject to any determination in such proceeding, the Company and such Holder shall be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of such Holder shall continue as though no such proceeding had been instituted.

**Section 6.03** *Rights and Remedies Cumulative.*

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Certificates in the last paragraph of Section 3.10, no right or remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**Section 6.04** *Delay or Omission Not Waiver.*

No delay or omission of any Holder to exercise any right upon a default or remedy upon a default shall impair any such right or remedy or constitute a waiver of any such right. Every right and remedy given by this Article VI or by law to the Holders may be exercised from time to time, and as often as may be deemed expedient, by such Holders.

**Section 6.05** *Undertaking for Costs.*

All parties to this Agreement agree, and each Holder of an Equity Unit, by its acceptance of such Equity Unit shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Agreement, or in any suit against the Purchase Contract Agent for any action taken, suffered or omitted by it as Purchase Contract Agent, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section shall not apply to any suit instituted by the Purchase Contract Agent or to any suit instituted by the Company.

**Section 6.06** *Waiver of Stay or Extension Laws.*

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Agreement; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or

impede the execution of any power herein granted to the Purchase Contract Agent or the Holders, but will suffer and permit the execution of every such power as though no such law had been enacted.

## ARTICLE VII

### THE PURCHASE CONTRACT AGENT

#### **Section 7.01** *Certain Duties and Responsibilities.*

(a) The Purchase Contract Agent:

(i) undertakes to perform, with respect to the Equity Units, such duties and only such duties as are or will be specifically set forth in this Agreement, the Pledge Agreement and the Remarketing Agreement to be performed by the Purchase Contract Agent and no implied covenants or obligations shall be read into this Agreement, the Pledge Agreement or any Remarketing Agreement against the Purchase Contract Agent; and

(ii) in the absence of bad faith or negligence on its part, may, with respect to the Equity Units, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Purchase Contract Agent and conforming to the requirements of this Agreement or the Pledge Agreement or the Remarketing Agreement, as applicable, but in the case of any certificates or opinions which by any provision hereof are specifically required to be furnished to the Purchase Contract Agent, the Purchase Contract Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement, the Pledge Agreement or any Remarketing Agreement, as applicable (but need not confirm or investigate the accuracy of the mathematical calculations or other facts stated therein).

(b) No provision of this Agreement, the Pledge Agreement or the Remarketing Agreement shall be construed to relieve the Purchase Contract Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Purchase Contract Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless the Purchase Contract Agent was negligent in ascertaining the pertinent facts; and

(iii) no provision of this Agreement or the Pledge Agreement or the Remarketing Agreement shall require the Purchase Contract Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Whether or not therein expressly so provided, every provision of this Agreement, the Pledge Agreement and the Remarketing Agreement relating to the conduct or affecting the liability of or affording protection to the Purchase Contract Agent shall be subject to the provisions of this Article.

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(d) The Purchase Contract Agent is authorized to execute and deliver the Pledge Agreement and the Remarketing Agreement in its capacity as Purchase Contract Agent.

**Section 7.02 Notice of Default.**

Upon any Responsible Officer of the Purchase Contract Agent becoming aware of a material default by the Company under this Agreement and so notifying the Company, or Holders of not less than 25% of the Outstanding Equity Units notifying the Company and the Purchase Contract Agent of such a material default, the Company shall have 60 days from the date of such notice to cure the potential default. If the Company fails to cure the material default within the 60-day period, then within 30 days after the expiration of such 60-day period, the Purchase Contract Agent shall transmit by mail to the Company and the Holders of Equity Units, as their names and addresses appear in the Security Register, notice of such default hereunder, unless such material default shall have been cured or waived.

**Section 7.03 Certain Rights of Purchase Contract Agent.**

Subject to the provisions of Section 7.01:

(a) the Purchase Contract Agent may, in the absence of bad faith, conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, Debentures, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate, Issuer Order or Issuer Request, and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Agreement, the Pledge Agreement or the Remarketing Agreement the Purchase Contract Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting to take any action hereunder, the Purchase Contract Agent (unless other evidence be herein specifically prescribed in this Agreement) may, in the absence of bad faith on its part, conclusively rely upon an Officers' Certificate of the Company;

(d) the Purchase Contract Agent may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder, or under the Pledge Agreement or the Remarketing Agreement, in good faith and in reliance thereon;

(e) the Purchase Contract Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, Debenture, note, other evidence of indebtedness or other paper or document, but the Purchase Contract Agent may make reasonable further inquiry or investigation into such facts or matters related to the execution, delivery and performance of the Stock Purchase Contracts, and, if the Purchase Contract Agent makes such further inquiry or investigation, it shall be entitled to examine the relevant books, records and premises of the Company, personally or by agent or attorney;

(f) the Purchase Contract Agent may execute any of the powers hereunder or perform any duties hereunder, or under the Pledge Agreement or the Remarketing Agreement, either directly or by or



through agents, attorneys, custodians or nominees or an Affiliate and the Purchase Contract Agent shall not be responsible for any misconduct or negligence on the part of any agent, attorney, custodian or nominee or an Affiliate appointed with due care by it hereunder;

(g) the Purchase Contract Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Holders pursuant to this Agreement, unless such Holders shall have offered to the Purchase Contract Agent security or indemnity reasonably satisfactory to the Purchase Contract Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(h) the Purchase Contract Agent shall not be liable for any action taken, suffered, or omitted to be taken by it in the absence of bad faith, negligence or willful misconduct by it;

(i) the Purchase Contract Agent shall not be deemed to have notice of any default hereunder unless a Responsible Officer of the Purchase Contract Agent has actual knowledge thereof or unless written notice of any event that is in fact such a default is received by the Purchase Contract Agent at the Corporate Trust Office of the Purchase Contract Agent, and such notice references the Equity Units and this Agreement;

(j) the Purchase Contract Agent may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Agreement, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded;

(k) the rights, privileges, protections, immunities and benefits given to the Purchase Contract Agent, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Purchase Contract Agent in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder;

(l) the Purchase Contract Agent shall not be required to initiate or conduct any litigation or collection proceedings hereunder and shall have no responsibilities with respect to any default hereunder except as expressly set forth herein;

(m) in each case that the Purchase Contract Agent may or is required hereunder or under the Pledge Agreement or the Remarketing Agreement to take any action, including without limitation to make any determination or judgment, to give consents, to exercise rights, powers or remedies, or otherwise to act hereunder or thereunder, the Purchase Contract Agent may seek direction from the Holders of a majority in Stated Amount of the Outstanding Equity Units. The Purchase Contract Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction from the Holders of a majority in Stated Amount of the Outstanding Equity Units. If the Purchase Contract Agent shall request direction from the Holders of a majority in Stated Amount of the Outstanding Equity Units with respect to any action, the Purchase Contract Agent shall be entitled to refrain from such action unless and until such the Purchase Contract Agent shall have received direction from the Holders of a majority in Stated Amount of the Outstanding Equity Units, and the Purchase Contract Agent shall not incur liability to any Person by reason of so refraining; and

(n) in no event shall the Purchase Contract Agent be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit)

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irrespective of whether the Purchase Contract Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

**Section 7.04** *Not Responsible for Recitals or Issuance of Equity Units.*

The recitals contained herein, in the Pledge Agreement, the Remarketing Agreement and in the Certificates shall be taken as the statements of the Company, and the Purchase Contract Agent assumes no responsibility for their accuracy or validity. The Purchase Contract Agent makes no representations as to the validity or sufficiency of either this Agreement or of the Equity Units, or of the Pledge Agreement or the Pledge or the Collateral (other than for its certificates of authentication of the Equity Units and its execution of the Certificates on behalf of the Holders as attorney-in-fact) and shall have no responsibility for perfecting or maintaining the perfection of any security interest in the Collateral. The Purchase Contract Agent shall not be accountable for the use or application by the Company of the proceeds in respect of the Stock Purchase Contracts.

The Purchase Contract Agent shall only be responsible for transferring money, securities or other property in accordance with the terms herein to the extent that such money, securities or other property are actually received by the Purchase Contract Agent.

**Section 7.05** *May Hold Equity Units.*

Any Security Registrar or any other agent of the Company, or the Purchase Contract Agent and its Affiliates, in their individual or any other capacity, may become the owner or pledgee of Equity Units and may otherwise deal with the Company, the Collateral Agent or any other Person with the same rights it would have if it were not Security Registrar or such other agent, or the Purchase Contract Agent. The Company may become the owner or pledgee of Equity Units.

**Section 7.06** *Money Held in Custody.*

Money held by the Purchase Contract Agent in custody hereunder need not be segregated from the Purchase Contract Agent's other funds except to the extent required by law or provided herein. The Purchase Contract Agent shall be under no obligation to invest or pay interest on any money received by it hereunder except as otherwise provided hereunder or agreed in writing with the Company.

**Section 7.07** *Compensation and Reimbursement.*

The Company agrees:

(a) to pay to the Purchase Contract Agent compensation for all services rendered by it hereunder, under the Pledge Agreement and under the Remarketing Agreement as the Company and the Purchase Contract Agent shall from time to time agree in writing;

(b) except as otherwise expressly provided for herein, to reimburse the Purchase Contract Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Purchase Contract Agent in accordance with any provision of this Agreement, the Pledge Agreement and any Remarketing Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel) in connection with the negotiation, preparation, execution and delivery and performance of this Agreement, the Pledge Agreement and any Remarketing Agreement and any

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modification, supplement or waiver of any of the terms thereof, except any such expense, disbursement or advance as shall have been caused by its own negligence, willful misconduct or bad faith; and

(c) to indemnify the Purchase Contract Agent and any predecessor Purchase Contract Agent (and each of its directors, officers, agents and employees (collectively, the “*Indemnitees*”) for, and to hold it harmless against, any loss, claim, damage, fine, penalty, liability or expense (including reasonable fees and expenses of counsel) incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of its duties hereunder and under the Pledge Agreement and any Remarketing Agreement, including the Indemnitees’ reasonable costs and expenses of defending themselves against any claim (whether asserted by the Company, a Holder or any other Person) or liability in connection with the exercise or performance of any of the Purchase Contract Agent’s powers or duties hereunder or thereunder. In the case of any action, suit or proceeding with respect to which an Indemnitee may seek payments pursuant to this Section 7.07, the Company, at its option, may defend such action, suit or proceeding with counsel of its choice (which counsel shall be reasonably satisfactory to the Indemnitee) and exercise sole and complete control over the defense of such action, suit or proceeding.

The provisions of this Section shall survive the resignation or removal of the Purchase Contract Agent and the termination of this Agreement.

**Section 7.08** *Corporate Purchase Contract Agent Required, Eligibility.*

There shall at all times be a Purchase Contract Agent hereunder which shall be a Person organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having (or being a member of a bank holding company having) a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by Federal or State authority. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Purchase Contract Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article VII.

**Section 7.09** *Resignation and Removal; Appointment of Successor.*

(a) No resignation or removal of the Purchase Contract Agent and no appointment of a successor Purchase Contract Agent pursuant to this Article VII shall become effective until the acceptance of appointment by the successor Purchase Contract Agent in accordance with the applicable requirements of Section 7.10.

(b) The Purchase Contract Agent may resign at any time by giving written notice thereof to the Company 90 days prior to the effective date of such resignation. If the instrument of acceptance by a successor Purchase Contract Agent required by Section 7.10 shall not have been delivered to the Purchase Contract Agent within 60 days after the giving of such notice of resignation, the resigning Purchase Contract Agent may petition, at its own expense, any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(c) The Purchase Contract Agent may be removed at any time by Act of the Holders of a majority in Stated Amount of the Outstanding Equity Units delivered to the Purchase Contract Agent and the Company. If the instrument of acceptance by a successor Purchase Contract Agent required by Section 7.10 shall not have been delivered to the Purchase Contract Agent within 60 days after such Act, the Purchase Contract Agent being removed may petition any court of competent jurisdiction for the appointment at the expense of the Company of a successor Purchase Contract Agent.

(d) If at any time:

(i) the Purchase Contract Agent shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by Holders of not less than 10% of the Stated Amount of Outstanding Equity Units; or

(ii) the Purchase Contract Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Purchase Contract Agent or of its property shall be appointed or any public officer shall take charge or control of the Purchase Contract Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (i) the Company by a Board Resolution may remove the Purchase Contract Agent, or (ii) Holders of not less than 10% of the Stated Amount of Outstanding Equity Units may, on behalf of all other similarly situated Holders, petition any court of competent jurisdiction for the removal of the Purchase Contract Agent and the appointment of a successor Purchase Contract Agent.

(e) If the Purchase Contract Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Purchase Contract Agent for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Purchase Contract Agent and shall comply with the applicable requirements of Section 7.10. If no successor Purchase Contract Agent shall have been so appointed by the Company and accepted appointment in the manner required by Section 7.10, Holders of not less than 10% of the Stated Amount of Outstanding Equity Units, on behalf of all other similarly situated Holders, or the Purchase Contract Agent may petition at the expense of the Company any court of competent jurisdiction for the appointment of a successor Purchase Contract Agent.

(f) The Company shall give, or shall cause such successor Purchase Contract Agent to give, notice of each resignation and each removal of the Purchase Contract Agent and each appointment of a successor Purchase Contract Agent by mailing written notice of such event by first-class mail, postage prepaid, to all Holders as their names and addresses appear in the applicable Security Register. Each notice shall include the name of the successor Purchase Contract Agent and the address of its Corporate Trust Office.

**Section 7.10** *Acceptance of Appointment by Successor.*

(a) In case of the appointment hereunder of a successor Purchase Contract Agent, every such successor Purchase Contract Agent so appointed shall execute, acknowledge and deliver to the Company and to the retiring Purchase Contract Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Purchase Contract Agent shall become effective and such successor Purchase Contract Agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, agencies and duties of the retiring Purchase Contract Agent; but, on the request of the Company or the successor Purchase Contract Agent, such retiring Purchase Contract Agent shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Purchase

Contract Agent all the rights, powers and trusts of the retiring Purchase Contract Agent and duly assign, transfer and deliver to such successor Purchase Contract Agent all property and money held by such retiring Purchase Contract Agent hereunder.

(b) Upon request of any such successor Purchase Contract Agent, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Purchase Contract Agent all such rights, powers and agencies referred to in subsection (a) of this Section 7.10.

(c) No successor Purchase Contract Agent shall accept its appointment unless at the time of such acceptance such successor Purchase Contract Agent shall be qualified and eligible under this Article VII.

(d) No successor Purchase Contract Agent shall at the same time act as the Collateral Agent, the Custodial Agent or the Securities Intermediary and the Company shall not act as the Purchase Contract Agent.

**Section 7.11** *Merger, Conversion, Consolidation or Succession to Business.*

Any Person into which the Purchase Contract Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Purchase Contract Agent shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Purchase Contract Agent, shall be the successor of the Purchase Contract Agent hereunder; *provided* that such Person shall be otherwise qualified and eligible under this Article VII, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Certificates shall have been authenticated and executed on behalf of the Holders, but not delivered, by the Purchase Contract Agent then in office, any successor by merger, conversion or consolidation to such Purchase Contract Agent may adopt such authentication and execution and deliver the Certificates so authenticated and executed with the same effect as if such successor Purchase Contract Agent had itself authenticated and executed such Equity Units.

**Section 7.12** *Preservation of Information; Communications to Holders.*

(a) The Purchase Contract Agent shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders received by the Purchase Contract Agent in its capacity as Security Registrar.

(b) If Holders owning not less than 25% of the Outstanding Equity Units (herein referred to as “*Applicants*”) apply in writing to the Purchase Contract Agent, and furnish to the Purchase Contract Agent reasonable proof that each such Applicant has owned a Equity Units for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Agreement or under the Equity Units and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Purchase Contract Agent shall mail to all the Holders copies of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Purchase Contract Agent of the materials to be mailed and of payment, or provision for the payment, of the reasonable expenses of such mailing.

**Section 7.13** *No Obligations of Purchase Contract Agent.*

Except to the extent otherwise expressly provided in this Agreement, the Purchase Contract Agent assumes no obligations and shall not be subject to any liability under this Agreement, the Pledge Agreement, the Remarketing Agreement or any Stock Purchase Contract in respect of the obligations of the Holder of any Equity Units thereunder. The Company agrees, and each Holder of a Certificate, by its acceptance thereof, shall be deemed to have agreed, that the Purchase Contract Agent's execution of the Certificates on behalf of the Holders shall be solely as agent and attorney-in-fact for the Holders, and that the Purchase Contract Agent shall have no obligation to perform such Stock Purchase Contracts on behalf of the Holders, except to the extent expressly provided in Article V hereof. Anything contained in this Agreement to the contrary notwithstanding, in no event shall the Purchase Contract Agent or its officers, directors, employees or agents be liable under this Agreement, the Pledge Agreement or the Remarketing Agreement to any third party for indirect, incidental, special, punitive, or consequential loss or damage of any kind whatsoever, including lost profits, whether or not the likelihood of such loss or damage was known to the Purchase Contract Agent and regardless of the form of action.

**Section 7.14** *Tax Compliance.*

(a) The Purchase Contract Agent, on its own behalf and on behalf of the Company, will comply with all applicable certification, returns, information reporting and withholding (including "backup" withholding) requirements imposed by applicable tax laws, regulations or administrative practice with respect to (i) any payments made with respect to the Equity Units or (ii) the issuance, delivery, holding, transfer, redemption or exercise of rights under the Equity Units. Such compliance shall include, without limitation, the preparation and timely filing of required returns and the timely payment of all amounts required to be withheld to the appropriate taxing authority or its designated agent.

(b) The Purchase Contract Agent shall comply in accordance with the terms hereof with any written direction received from the Company with respect to the execution or certification of any required documentation and the application of such requirements to particular payments or Holders or in other particular circumstances, and may for purposes of this Agreement conclusively rely on any such direction in accordance with the provisions of Section 7.01(a).

(c) Without limiting the above, if required by law, any payment (including cash or property) and any deemed payment made under the terms of this Agreement shall be subject to withholding and backup withholding.

(d) Without limiting the above, any payment of Contract Adjustment Payments and distribution of property in satisfaction of deferred Contract Adjustment Payments made to a non-United States person (as defined under the Code) shall be subject to withholding tax unless such person establishes an exemption from such withholding tax.

(e) Any withholding and backup withholding of tax under this Section 7.14 shall be treated as if made to the intended recipient in full compliance with the terms of this Agreement.

(f) The Purchase Contract Agent shall maintain all appropriate records documenting compliance with such requirements, and shall make such records available, on written request, to the Company or its authorized representative within a reasonable period of time after receipt of such request.

## ARTICLE VIII

### SUPPLEMENTAL AGREEMENTS

#### **Section 8.01** *Supplemental Agreements without Consent of Holders.*

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Purchase Contract Agent, at any time and from time to time, may enter into one or more agreements supplemental hereto, in form satisfactory to the Company and the Purchase Contract Agent, to:

- (a) evidence the succession of another Person to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Certificates;
- (b) add to the covenants of the Company for the benefit of the Holders, or surrender any right or power herein conferred upon the Company;
- (c) evidence and provide for the acceptance of appointment hereunder by a successor Purchase Contract Agent;
- (d) make provision with respect to the rights of Holders pursuant to the requirements of Section 5.04(b);
- (e) cure any ambiguity (or formal defect) or correct or supplement any provisions herein that may be inconsistent with any other provisions herein; or
- (f) make any other provisions with respect to such matters or questions arising under this Agreement, *provided* that such action shall not adversely affect the interests of the Holders in any material respect.

#### **Section 8.02** *Supplemental Agreements with Consent of Holders.*

With the consent of the Holders of not less than a majority in Stated Amount of the Outstanding Equity Units voting together as one class, including without limitation the consent of the Holders obtained in connection with a tender or an exchange offer, by Act of said Holders delivered to the Company and the Purchase Contract Agent, the Company, when duly authorized, and the Purchase Contract Agent may enter into an agreement or agreements supplemental hereto for the purpose of modifying in any manner the terms of the Stock Purchase Contracts, or the provisions of this Agreement or the rights of the Holders in respect of the Equity Units; *provided, however*, that, except as contemplated herein, no such supplemental agreement shall, without the consent of each Holder of Outstanding Equity Units affected thereby,

- (a) subject to the Company's right to defer any Contract Adjustment Payments pursuant to Section 5.11, change any Payment Date;
- (b) change the amount or the type of Collateral required to be Pledged to secure a Holder's obligations under the Stock Purchase Contract, or otherwise materially adversely affect the Holder's rights in or to such Collateral or materially adversely alter such Holder's rights in or to such Collateral;

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(c) change any place where, or the coin or currency in which, any Contract Adjustment Payment is payable or reduce any Contract Adjustment Payments;

(d) impair the right to institute suit for the enforcement of any Stock Purchase Contract or any Contract Adjustment Payments;

(e) reduce the number of shares of Common Stock or the amount of any other property or securities to be purchased pursuant to any Stock Purchase Contract, increase the price to purchase shares of Common Stock or any other property or securities upon settlement of any Stock Purchase Contract or change the Stock Purchase Date or the right to Early Settlement or Cash Merger Early Settlement or otherwise materially and adversely affect the Holder's rights under the Stock Purchase Contract; or

(f) reduce the percentage of the Outstanding Equity Units the consent of whose Holders is required for any modification or amendment to the provisions of this Agreement, the Stock Purchase Contracts or the Pledge Agreement;

*provided* that if any amendment or proposal referred to above would adversely affect only the Corporate Units or the Treasury Units, then only the affected class of Holders as of the record date for the Holders entitled to vote thereon will be entitled to vote on such amendment or proposal, and such amendment or proposal shall not be effective except with the consent of Holders of not less than a majority of the affected class or all of the Holders of the affected class, as applicable.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Act shall approve the substance thereof.

**Section 8.03** *Execution of Supplemental Agreements.*

In executing, or accepting the additional agencies created by, any supplemental agreement permitted by this Article VIII or the modifications thereby of the agencies created by this Agreement, the Purchase Contract Agent shall be provided, in addition to the documents required by Section 1.02, and (subject to Section 7.01) shall be fully authorized and protected in relying upon, an Officers' Certificate each stating that the execution of such supplemental agreement is authorized or permitted by this Agreement and that any and all conditions precedent to the execution and delivery of such supplemental agreement have been satisfied. The Purchase Contract Agent may, but shall not be obligated to, enter into any such supplemental agreement which affects the Purchase Contract Agent's own rights, duties or immunities under this Agreement or otherwise. The Purchase Contract Agent shall enter into all other supplemental agreements at the request of the Company.

**Section 8.04** *Effect of Supplemental Agreements.*

Upon the execution of any supplemental agreement under this Article VIII, this Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Agreement for all purposes; and every Holder of Certificates theretofore or thereafter authenticated, executed on behalf of the Holders and delivered hereunder, shall be bound thereby.



**Section 8.05** *Reference to Supplemental Agreements.*

Certificates authenticated, executed on behalf of the Holders and delivered after the execution of any supplemental agreement pursuant to this Article VIII may, and shall if required by the Company, bear a notation in form approved by the Company as to any matter provided for in such supplemental agreement. If the Company shall so determine, new Certificates so modified as to conform, in the opinion of the Company, to any such supplemental agreement may be prepared and executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent in exchange for outstanding Certificates.

**ARTICLE IX**

**CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE**

**Section 9.01** *Covenant Not to Consolidate, Merge, Convey, Transfer or Lease Property Except under Certain Conditions.*

The Company covenants that it will not consolidate with or merge with and into any other Person or convey, transfer or lease all or substantially all of its properties and assets to another Person, unless:

(a) either the Company shall be the continuing corporation, or the successor (if other than the Company) or transferee shall be a Person organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and such Person shall expressly assume all the obligations of the Company under the Stock Purchase Contracts, this Agreement, the Pledge Agreement, the Indenture, the Debentures and the Remarketing Agreement by one or more supplemental agreements in form reasonably satisfactory to the Purchase Contract Agent and the Collateral Agent, executed and delivered to the Purchase Contract Agent and the Collateral Agent by such Person; and

(b) the Company or such successor corporation or transferee, as the case may be, shall not, immediately after such consolidation, conversion, merger, sale, assignment, transfer, lease or conveyance, be in default of payment obligations under the Stock Purchase Contracts, this Agreement, the Pledge Agreement, the Indenture, the Debentures or the Remarketing Agreement or in material default in the performance of any other covenants under any of the foregoing agreements.

**Section 9.02** *Rights and Duties of Successor Person.*

In case of any such merger, consolidation, sale, assignment, transfer, lease or conveyance and upon any such assumption by a successor Person in accordance with Section 9.01, such successor Person shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the Company. Such successor Person thereupon may cause to be signed, and may issue either in its own name or in the name of the Company, any or all of the Certificates evidencing Equity Units issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Purchase Contract Agent; and, upon the order of such successor Person, instead of the Company, and subject to all the terms, conditions and limitations in this Agreement prescribed, the Purchase Contract Agent shall authenticate and execute on behalf of the Holders and deliver any Certificates which previously shall have been signed and delivered by the officers of the Company to the Purchase Contract Agent for authentication and execution, and any Certificate evidencing Equity Units which such successor Person thereafter shall cause to be signed and delivered to the Purchase Contract Agent for that purpose.

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In case of any such merger, consolidation, sale, assignment, transfer, lease or conveyance, such change in phraseology and form (but not in substance) may be made in the Certificates evidencing Equity Units thereafter to be issued as may be appropriate.

**Section 9.03 Officers' Certificate Given to Purchase Contract Agent.**

The Purchase Contract Agent, subject to Section 7.01 and Section 7.03, shall receive an Officers' Certificate as conclusive evidence that any such merger, consolidation, sale, assignment, transfer, lease or conveyance, and any such assumption, complies with the provisions of this Article IX and that all conditions precedent to the consummation of any such merger, consolidation, sale, assignment, transfer, lease or conveyance have been met.

**ARTICLE X  
COVENANTS**

**Section 10.01 Performance under Stock Purchase Contracts.**

The Company covenants and agrees for the benefit of the Holders from time to time of the Equity Units that it will duly and punctually perform its obligations under the Stock Purchase Contracts in accordance with the terms of the Stock Purchase Contracts and this Agreement.

**Section 10.02 Maintenance of Office or Agency.**

The Company will maintain in the Borough of Manhattan, New York City an office or agency where Certificates may be presented or surrendered for acquisition of shares of Common Stock upon settlement of the Stock Purchase Contracts where Certificates may be surrendered for registration of transfer or exchange, for a Collateral Substitution or recreation of Corporate Units and where notices and demands to or upon the Company in respect of the Equity Units and this Agreement may be served. The Company will give prompt written notice to the Purchase Contract Agent of the location, and any change in the location, of such office or agency. The Company initially designates the Corporate Trust Office of the Purchase Contract Agent as such office of the Company. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Purchase Contract Agent with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Company hereby appoints the Purchase Contract Agent as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where Certificates may be presented or surrendered for any or all purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, New York City for such purposes. The Company will give prompt written notice to the Purchase Contract Agent of any such designation or rescission and of any change in the location of any such other office or agency. The Company hereby designates as the place of payment for the Equity Units the Corporate Trust Office and appoints the Purchase Contract Agent at its Corporate Trust Office as paying agent.

PURCHASE CONTRACT AGREEMENT

**Section 10.03** *Company to Reserve Common Stock.*

The Company shall at all times prior to the third Stock Purchase Date reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Stock the full number of shares of Common Stock then issuable against tender of payment in respect of all Stock Purchase Contracts constituting a part of the Equity Units evidenced by outstanding Certificates.

**Section 10.04** *Covenants as to Common Stock.*

The Company covenants that all shares of Common Stock that may be issued against tender of payment in respect of any Stock Purchase Contract constituting a part of the Outstanding Equity Units will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable.

**Section 10.05** *Statements of Officers of the Company as to Default.*

The Company will deliver to the Purchase Contract Agent, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions hereof, and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which the Company have knowledge.

**Section 10.06** *ERISA.*

Each Holder from time to time of the Equity Units that is a Plan or who used assets of a Plan to purchase Equity Units hereby represents that either (i) no portion of the assets used by such Holder to acquire the Corporate Units constitutes assets of the Plan or (ii) the purchase or holding of the Corporate Units by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable laws.

**Section 10.07** *Tax Treatment.*

(a) The Company covenants and agrees, for United States federal, state and local income and franchise tax purposes, to (i) treat a Holder's acquisition of the Corporate Units as the acquisition of an interest in the applicable Debentures and Stock Purchase Contract constituting the Corporate Units and (ii) treat each Holder as the owner of the applicable interest in the Collateral Account, including the applicable Debentures, interest in the Treasury Portfolio or the applicable Qualifying Treasury Securities.

(b) Each Holder of an Equity Unit shall be deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such Holder), by acceptance of an Equity Unit, to treat for all United States federal income tax purposes (i) itself as the owner of the Stock Purchase Contract and the related ownership interests in the applicable Debentures or applicable Qualifying Treasury Securities, as applicable, pledged under the Pledge Agreement, and (ii) the Debentures as indebtedness of the Company. In addition, each initial purchaser of a Corporate Unit for \$75 shall be deemed to have agreed, for United States federal income tax purposes, to allocate \$25 to each of the undivided beneficial ownership interests in each Debenture of each series included in each Corporate Unit and \$0 to the Stock Purchase Contract.

SIGNATURES ON THE FOLLOWING PAGE

PURCHASE CONTRACT AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

**AMERICAN INTERNATIONAL GROUP, INC.**

By /s/ Robert A. Gender

Name: Robert A. Gender

Title: Vice President and Treasurer

**THE BANK OF NEW YORK,**  
as Purchase Contract Agent

By /s/ Sherma Thomas

Name: Sherma Thomas

Title: Assistant Treasurer

PURCHASE CONTRACT AGREEMENT

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## FORM OF FACE OF CORPORATE UNIT CERTIFICATE)

[For inclusion in *Global Certificates only* — THIS CERTIFICATE IS A GLOBAL CERTIFICATE WITHIN THE MEANING OF THE PURCHASE CONTRACT AGREEMENT HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (THE “DEPOSITORY”), THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY. THIS CERTIFICATE IS EXCHANGEABLE FOR CERTIFICATES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE PURCHASE CONTRACT AGREEMENT AND NO TRANSFER OF THIS CERTIFICATE (OTHER THAN A TRANSFER OF THIS CERTIFICATE AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

No. \_\_\_\_\_  
 CUSIP No. 026874 115  
 ISIN: US0268741156

Number of Corporate Units: \_\_\_\_\_

**AMERICAN INTERNATIONAL GROUP, INC.  
 CORPORATE UNITS**

This Corporate Unit Certificate certifies that \_\_\_\_\_ is the registered Holder of the number of Corporate Units set forth above [For inclusion in *Global Certificates only* — or such other number of Corporate Units reflected in the Schedule of Increases or Decreases in Global Certificate attached hereto]. The “*Stated Amount*” of each Corporate Unit evidenced hereby shall (i) from and including May 16, 2008 to but excluding the First Stock Purchase Date, be \$75.00, (ii) from and including the First Stock Purchase Date to but excluding the Second Stock Purchase Date, be \$50.00 and (iii) from and including the Second Stock Purchase Date to but excluding the Third Stock Purchase Date, be \$25.00. Each Corporate Unit consists of (a) (i) at all times prior to the First Stock Purchase Date or, if earlier, the First Remarketing Settlement Date, a 2.5% undivided beneficial ownership interest in a Series B-1 Debenture with a Principal Amount of \$1,000, (ii) at all times prior to the Second Stock Purchase Date or, if earlier, the Second Remarketing Settlement Date, a 2.5% undivided beneficial ownership interest in a Series B-2 Debenture with a Principal Amount of \$1,000, (iii) at all times prior to the Third Stock Purchase Date or, if earlier, the Third Remarketing Settlement Date, a 2.5% undivided beneficial ownership interest in a Series B-3 Debenture with a Principal Amount of \$1,000, and (iv) after the

FORM OF CORPORATE UNIT

Remarketing Settlement Date for any Series of Debentures and prior to the applicable Stock Purchase Date, an undivided beneficial ownership interest in the Treasury Portfolio purchased with the net proceeds of the Remarketing, in each case subject to the Pledge thereof, and (b) the rights and obligations of the Holder under one Stock Purchase Contract with American International Group, Inc., a Delaware corporation (the “*Company*”, which term includes any successor person under the Purchase Contract Agreement hereinafter referred to). This Corporate Unit Certificate is issued pursuant to, and benefits from, all of the provisions of the Purchase Contract Agreement (as defined on the reverse hereof) and each capitalized term used herein that is defined in the Purchase Contract Agreement has the meaning set forth therein. Pursuant to the Pledge Agreement, the interests described in clause (a) above constituting part of each Corporate Unit evidenced hereby have been pledged to the Collateral Agent, for the benefit of the Company, to secure the obligations of the Holder under the Stock Purchase Contract comprising part of such Corporate Unit.

Interest payments on the Debentures forming part of the Corporate Units evidenced hereby, which are payable quarterly in arrears on February 1, May 1, August 1, and November 1 of each year, commencing August 1, 2008 (each, an “*Interest Payment Date*”), shall, subject to deferral as provided in the Supplemental Indentures, and to receipt thereof by the Purchase Contract Agent from the Paying Agent or the Securities Intermediary, be paid to the Person in whose name this Corporate Unit Certificate (or a Predecessor Corporate Unit Certificate) is registered at the close of business on the Record Date for such Payment Date.

Each Stock Purchase Contract evidenced hereby obligates the Holder of this Corporate Unit Certificate to purchase, and the Company to sell, on each of three Stock Purchase Dates, at a price equal to \$25.00 (the “*Purchase Price*”), a number of newly issued or treasury shares of common stock, par value \$2.50 per share (“*Common Stock*”), of the Company, per Corporate Unit equal to the applicable Settlement Rate, unless on or prior to the applicable Stock Purchase Date there shall have occurred an Early Settlement or Cash Merger Early Settlement with respect to such Stock Purchase Contract or a Termination Event, all as provided in the Purchase Contract Agreement and more fully described on the reverse hereof. The Purchase Price for the shares of Common Stock purchased pursuant to each Stock Purchase Contract evidenced hereby, if not paid earlier, shall be paid on the applicable Stock Purchase Date (i) by application of payment received in respect of the Pledged Treasury Portfolio purchased with respect to any Pledged Debentures of the applicable series sold in the applicable Remarketing (or in respect of the Principal Amount of such Pledged Debentures in the event of a Failed Remarketing with respect thereto), which Pledged Treasury Portfolio and Pledged Debentures, as the case may be, are pledged to secure the obligations under such Stock Purchase Contract of the Holder of each Corporate Unit of which such Stock Purchase Contract is a part, or (ii) in immediately available funds in the event the Holder elects a Settlement with Cash or a Cash Merger Early Settlement.

The holder of the Corporate Units evidenced hereby is deemed to have agreed (unless the United States Internal Revenue Service requires a different treatment from such Holder), by acceptance of such Corporate Units, to treat for all United States federal income tax purposes (i) itself as the owner of the Stock Purchase Contracts and the related ownership interest in the Debentures pledged under the Pledge Agreement, and (ii) the Debentures as indebtedness of the Company. In addition, each initial purchase of a Corporate Unit for \$75 shall be deemed to have agreed, for United States federal income tax purposes, to allocate \$25 to each of the undivided beneficial ownership interests in each Debenture of each series included in each Corporate Unit and \$0 to the Stock Purchase Contract.

The Company shall pay, on each Payment Date, in respect of each Stock Purchase Contract forming part of a Corporate Unit evidenced hereby, an amount (the “*Contract Adjustment Payments*”) equal to (i) from and including May 16, 2008 to but excluding the First Stock Purchase Date,

FORM OF CORPORATE UNIT

at the annual rate of 2.7067% on the initial Stated Amount of \$75 per Stock Purchase Contract, (ii) from and including the First Stock Purchase Date to but excluding the Second Stock Purchase Date, at the annual rate of 2.6450% on the adjusted Stated Amount of \$50 per Stock Purchase Contract, and (iii) from and including the Second Stock Purchase Date to but excluding the Third Stock Purchase Date, at the annual rate of 2.61% on the adjusted Stated Amount of \$25 per Stock Purchase Contract, subject to its rights provided for in the Purchase Contract Agreement to defer Contract Adjustment Payments. Such Contract Adjustment Payments shall be payable to the Person in whose name this Corporate Unit Certificate (or a Predecessor Corporate Unit Certificate) is registered at the close of business on the Record Date for such Payment Date.

Contract Adjustment Payments and distributions due on any Payment Date that is not a Business Day shall be made on the next succeeding day that is a Business Day (and without any interest in respect of such delay). Payments of Interest on the Debentures and the Contract Adjustment Payments (net of any withholding tax to be withheld by the Company on such payments, which shall be remitted to the appropriate taxing jurisdiction) will be payable, at the option of the Company, at the office of the Purchase Contract Agent in New York City or by check mailed to the address of the Person entitled thereto at such Person's address as it appears on the Security Register, or by wire transfer to the account designated by such Person by a prior written notice to the Purchase Contract Agent.

Reference is hereby made to the further provisions set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Purchase Contract Agent by manual signature, this Corporate Unit Certificate shall not be entitled to any benefit under the Pledge Agreement or the Purchase Contract Agreement or be valid or obligatory for any purpose.

FORM OF CORPORATE UNIT

IN WITNESS WHEREOF, the Company and the Holder specified above have caused this instrument to be duly executed.

**AMERICAN INTERNATIONAL GROUP, INC.**

By \_\_\_\_\_  
Name:  
Title:

**HOLDER SPECIFIED ABOVE** (as to obligations of such Holder under the Stock Purchase Contracts and the Pledge Agreement)

By **THE BANK OF NEW YORK**,  
as attorney-in-fact of such Holder

By \_\_\_\_\_  
Name:  
Title:

Date:

FORM OF CORPORATE UNIT



CERTIFICATE OF AUTHENTICATION  
OF PURCHASE CONTRACT AGENT

This is one of the Corporate Unit Certificates referred to in the within mentioned Purchase Contract Agreement.

**THE BANK OF NEW YORK,**  
as Purchase Contract Agent

By \_\_\_\_\_  
Name:  
Title:

FORM OF CORPORATE UNIT

(FORM OF REVERSE OF Corporate Unit CERTIFICATE)

Each Stock Purchase Contract evidenced hereby is issued pursuant to and governed by all of the provisions of a Purchase Contract Agreement, dated as of May 16, 2008 (as may be supplemented from time to time, the "*Purchase Contract Agreement*"), between the Company and The Bank of New York, as Purchase Contract Agent (including its successors hereunder, the "*Purchase Contract Agent*"), to which Purchase Contract Agreement and supplemental agreements thereto reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Purchase Contract Agent, the Company, and the Holders and of the terms upon which the Corporate Unit Certificates are, and are to be, executed and delivered.

Each Stock Purchase Contract evidenced hereby obligates the Holder of this Corporate Unit Certificate to purchase, and the Company to sell, on each of three Stock Purchase Dates at a price equal to \$25.00 (the "*Purchase Price*"), a number of newly issued or treasury shares of Common Stock per Corporate Unit equal to the applicable Settlement Rate, unless an Early Settlement or a Cash Merger Early Settlement with respect to the Corporate Unit of which such Stock Purchase Contract is a part or a Termination Event shall have occurred. The Settlement Rate may be adjusted as provided in the Purchase Contract Agreement. The Stock Purchase Dates are February 15, 2011, May 1, 2011 and August 1, 2011, or if any such date is not a Business Day, the next Business Day. No fractional shares of Common Stock will be issued upon settlement of Stock Purchase Contracts.

Each Stock Purchase Contract evidenced hereby, which is settled through Early Settlement or Cash Merger Early Settlement, shall obligate the Holder of the related Corporate Unit to purchase at the Early Settlement Amount or the purchase price specified in Section 5.04(b)(ii) of the Stock Purchase Contract Agreement, respectively, and the Company to sell, a number of newly issued or treasury shares of Common Stock equal to the Early Settlement Rate (in the case of an Early Settlement) or the consideration specified in Section 5.04(b)(ii) (in the case of a Cash Merger Early Settlement).

In accordance with the terms of the Purchase Contract Agreement, the Holder of this Corporate Unit Certificate shall pay the Purchase Price for the shares of Common Stock purchased pursuant to each Stock Purchase Contract evidenced hereby by effecting a Settlement with Cash, an Early Settlement or, if applicable, a Cash Merger Early Settlement or from the proceeds of a Remarketing of the related Pledged Debentures. If a Holder of Corporate Units does not, on or prior to 5:00 p.m. (New York City time) on the second Business Day immediately preceding the applicable Stock Purchase Date, notify the Purchase Contract Agent of its intention to effect a Settlement with Cash, or does so notify the Purchase Contract Agent but fails to make an effective Settlement with Cash on or prior to 5:00 p.m. (New York City time) on the Business Day immediately preceding the applicable Stock Purchase Date, such notice of Settlement with Cash shall automatically be deemed withdrawn and without effect.

Upon the occurrence of a Failed Remarketing with respect to the Debentures of any series that constitute part of Corporate Units, the Collateral Agent, for the benefit of the Company, will exercise its rights as a secured party with respect to the Pledged Debentures of such series underlying the Corporate Units, and may, to the extent permitted by law, among other things, (A) deliver such Debentures to the Company in full satisfaction of the Holders' obligations under the Stock Purchase Contracts on the applicable Stock Purchase Date (but not any Additional Debentures issued to pay Deferred Interest or accrued interest on such Debentures) or (B) sell such Debentures in one or more public or private sales or otherwise and apply the proceeds from the sale of such Debentures to satisfy in full the Holders' obligations under the Stock Purchase Contracts and remit the excess, if any, of the

FORM OF CORPORATE UNIT

proceeds over the Purchase Price payable on such Stock Purchase Date to the Purchase Contract Agent for payment to the Holders of the Corporate Units to which such Debentures relate.

The Company shall not be obligated to issue any shares of Common Stock in respect of a Stock Purchase Contract on any Stock Purchase Date, Early Settlement Date or Cash Merger Early Settlement Date or deliver any certificates therefor to the Holder unless it shall have received the payment required under, and in the manner set forth in, the Purchase Contract Agreement.

Under the terms of the Pledge Agreement and the Purchase Contract Agreement, the Purchase Contract Agent will be entitled to exercise the voting and any other consensual rights pertaining to the Pledged Debentures or any part thereof for any purpose not inconsistent with terms of the Pledge Agreement and Purchase Contract Agreement. The Purchase Contract Agent shall not exercise or shall not refrain from exercising such right, as the case may be, if, in the judgment of the Company, such action would impair or otherwise have a material adverse effect on the value of all or any of the Pledged Debentures. The Purchase Contract Agent shall give the Company and the Collateral Agent at least five Business Days' prior written notice of the manner in which it intends to exercise, or its reasons for refraining from exercising, any such right. The Holders of Corporate Units shall have no voting or other rights in respect of Common Stock.

In the event of a Successful Remarketing of a series of Debentures, the Collateral Agent shall, in accordance with the Pledge Agreement, instruct the Securities Intermediary to transfer the Pledged Debentures of such series to the Remarketing Agent, upon confirmation of deposit by the Remarketing Agent of the Proceeds of such Successful Remarketing (less, to the extent permitted by the Remarketing Agreement, the Remarketing Agent's Fee) in the Collateral Account and the Collateral Agent shall thereupon instruct the Securities Intermediary to purchase the Treasury Portfolio with the Proceeds of the Successful Remarketing. A Holder of Corporate Units shall be deemed to have elected to pay for the shares of Common Stock to be issued under the Stock Purchase Contract underlying the Corporate Units from the Proceeds of the related Treasury Portfolio after a Successful Remarketing. Without receiving any instruction from any Holder, the Collateral Agent shall instruct the Securities Intermediary to remit the Proceeds of the related Treasury Portfolio equal to the Purchase Price of the shares of Common Stock to be delivered on the applicable Stock Purchase Date to the Company to satisfy in full such Holder's obligations to pay the Purchase Price to purchase shares of Common Stock under the related Stock Purchase Contracts on such Stock Purchase Date and to remit the balance of the Proceeds from the related Treasury Portfolio, if any, to the Purchase Contract Agent for distribution to such Holder.

The Corporate Units are issuable only in registered form and only in Stated Amounts of a single Corporate Unit and any integral multiple thereof. The transfer of any Corporate Unit Certificate will be registered and Corporate Unit Certificates may be exchanged as provided in the Purchase Contract Agreement. The Security Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents permitted by the Purchase Contract Agreement. No service charge shall be required for any such registration of transfer or exchange, but the Company and the Purchase Contract Agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. A Holder who elects to substitute interests in the applicable Qualifying Treasury Securities for interests in the applicable Debentures, thereby creating Treasury Units, shall be responsible for any fees or expenses payable in connection therewith. Except as provided in the Purchase Contract Agreement, for so long as the Stock Purchase Contract underlying a Corporate Unit remains in effect, such Corporate Unit shall not be separable into its constituent parts, and the rights and obligations of the Holder of such Corporate Unit in respect of the Debentures and the Stock Purchase Contract constituting such Corporate Unit may be transferred and exchanged only as an Corporate Units.

FORM OF CORPORATE UNIT

Subject to the conditions set forth in the Purchase Contract Agreement, a Holder may, at any time other than during a Blackout Period, create Treasury Units by delivering to the Securities Intermediary for each 40 Treasury Units to be created (1) prior to the First Stock Purchase Date, a First Qualifying Treasury Security, (2) prior to the Second Stock Purchase Date, a Second Qualifying Treasury Security, and (3) prior to the Third Stock Purchase Date, a Third Qualifying Treasury Security, in exchange for the release of the applicable Pledged Debentures in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement; *provided* that such creation of Treasury Units may be effected only in multiples of 40 Treasury Units.

The Company shall have the right, at any time prior to August 1, 2011, to defer the payment of any or all of the Contract Adjustment Payments otherwise payable on any Payment Date. Any Contract Adjustment Payments so deferred shall, to the extent permitted by law, accrue additional Contract Adjustment Payments thereon at the rate of 5.67% per year (computed on the basis of a 360-day year of twelve 30-day months), compounding on each succeeding Payment Date, until paid in full (such deferred installments of Contract Adjustment Payments, if any, together with the additional Contract Adjustment Payments, if any, accrued thereon, being referred to herein as the "*Deferred Contract Adjustment Payments*"). Deferred Contract Adjustment Payments, if any, shall be due on the next succeeding Payment Date except to the extent that payment is deferred pursuant to the Purchase Contract Agreement. No Contract Adjustment Payments may be deferred to a date that is after August 1, 2011 and no such deferral period may end other than on a Payment Date. If the Company elects to defer the payment of Contract Adjustment Payments after August 1, 2011, each Holder will receive, in lieu of a cash payment, in the sole discretion of the Company, either the number of shares of Common Stock or the Additional Debentures described in the Purchase Contract Agreement.

The Stock Purchase Contracts and all obligations and rights of the Company and the Holders thereunder, including, without limitation, the rights of the Holders to receive and the obligation of the Company to pay any Contract Adjustment Payments, including Deferred Contract Adjustment Payments, shall immediately and automatically terminate, without the necessity of any notice or action by any Holder, the Purchase Contract Agent or the Company, if, on or prior to the Third Stock Purchase Date, a Termination Event shall have occurred. Upon and after the occurrence of a Termination Event, the Collateral Agent shall release the Pledged Debentures from the Pledge in accordance with the provisions of the Pledge Agreement. A Corporate Unit shall thereafter represent the right to receive the interests in the Debentures forming a part of such Corporate Unit (or if any series of Debentures has been sold in a Successful Remarketing and the applicable Stock Purchase Date has not yet occurred, an interest in the Treasury Portfolio purchased with the proceeds of such Debentures) in accordance with the terms of, and except as set forth in, the Purchase Contract Agreement and the Pledge Agreement.

Upon registration of transfer of this Corporate Unit Certificate, the transferee shall be bound (without the necessity of any other action on the part of such transferee, except as may be required by the Purchase Contract Agent pursuant to the Purchase Contract Agreement) by all the terms and provisions of, and all the duties, responsibilities and obligations under, the Purchase Contract Agreement and the Stock Purchase Contracts evidenced hereby, and the transferor shall be released from the obligations under the Stock Purchase Contracts evidenced by this Corporate Unit Certificate. The Company covenants and agrees, and the Holder, by its acceptance hereof, likewise covenants and agrees, to be bound by the provisions of this paragraph.

The Holder of this Corporate Unit Certificate, by its acceptance hereof, irrevocably authorizes the Purchase Contract Agent to enter into and perform the related Stock Purchase Contracts forming part of the Corporate Units evidenced hereby on its behalf as its attorney-in-fact, expressly withholds any consent to the assumption (*i.e.*, affirmation) of the Stock Purchase Contracts by the

FORM OF CORPORATE UNIT

Company or its trustee in the event that the Company becomes the subject of a case under the Bankruptcy Code, agrees to be bound by the terms and provisions thereof, covenants and agrees to perform its obligations under such Stock Purchase Contracts, consents to the provisions of the Purchase Contract Agreement, irrevocably authorizes the Purchase Contract Agent to enter into and perform the Purchase Contract Agreement and the Pledge Agreement on its behalf as its attorney-in-fact, and consents to, and agrees to be bound by, the Pledge of such Holder's right, title and interest in and to the Collateral Account, including the Debentures underlying this Corporate Unit Certificate pursuant to the Pledge Agreement. The Holder further covenants and agrees that, to the extent and in the manner provided in the Purchase Contract Agreement and the Pledge Agreement, but subject to the terms thereof, on each Stock Purchase Date payments with respect to an aggregate principal amount of the Pledged Debentures upon a Successful Remarketing of the applicable series on such Stock Purchase Date shall be paid by the Collateral Agent to the Company in satisfaction of such Holder's obligations under such Stock Purchase Contract on such Stock Purchase Date and such Holder shall acquire no right, title or interest in such payments.

Subject to certain exceptions, the provisions of the Purchase Contract Agreement may be amended with the consent of the Holders of a majority in Stated Amount of the Outstanding Equity Units. The Stock Purchase Contracts and Equity Units shall for all purposes be governed by, and construed in accordance with, the laws of the State of New York.

Prior to due presentment of this Certificate for registration of transfer, the Company, the Purchase Contract Agent and its Affiliates and any agent of the Company or the Purchase Contract Agent may treat the Person in whose name this Corporate Unit Certificate is registered as the owner of the Corporate Units evidenced hereby for the purpose of receiving distributions payable on the Debentures, receiving Contract Adjustment Payments (subject to any applicable Record Date), performance of the Stock Purchase Contracts and for all other purposes whatsoever, whether or not any payments in respect thereof be overdue and notwithstanding any notice to the contrary, and neither the Company, the Purchase Contract Agent nor any such Affiliate or agent shall be affected by notice to the contrary.

A Stock Purchase Contract shall not entitle the Holder of a Corporate Unit to any of the rights of a holder of shares of Common Stock, prior to the delivery of shares of Common Stock under each Stock Purchase Contract, including, without limitation, the right to vote or receive any dividends or other payments or to consent or to receive notice as a stockholder in respect of the meetings of stockholders or for the election of directors of the Company or for any other matter, or any other rights whatsoever as a stockholder of the Company. A Holder will become a holder of record of shares of Common Stock delivered pursuant to a Stock Purchase Contract at the close of business on the date the shares of Common Stock are delivered by the Company to the Holder or, if the Company's stock record book is not open on that day, at the opening of business on the next Business Day the stock record is open.

A copy of the Purchase Contract Agreement is available for inspection at the Corporate Trust Office.

FORM OF CORPORATE UNIT

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM: as tenants in common
- UNIF GIFT MIN ACT: \_\_\_\_\_ Custodian \_\_\_\_\_ (Cust) (Minor)
- TEN ENT: as tenants by the entireties
- JT TEN: as joint tenants with right of survivorship and not as tenants in common

Under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
\_\_\_\_\_  
(Please insert Social Security or Taxpayer I.D. or other Identifying Number of Assignee)

\_\_\_\_\_  
(Please print or type name and address including Postal Zip code of Assignee)

the within Corporate Unit Certificates and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ Attorney, to transfer said Corporate Unit Certificates on the books of the Security Registrar, with full power of substitution in the premises.

Dated: \_\_\_\_\_ Signature \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Corporate Unit Certificates in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee: \_\_\_\_\_

ELECTION FOR EARLY SETTLEMENT/CASH MERGER EARLY SETTLEMENT

The undersigned Holder of this Corporate Unit Certificate hereby irrevocably exercises the option to effect {Early Settlement} {Cash Merger Early Settlement} in accordance with the terms of the Purchase Contract Agreement with respect to the Stock Purchase Contracts underlying the number of Corporate Units evidenced by this Corporate Unit Certificate specified below. The undersigned Holder directs that a certificate for shares of Common Stock or other securities or property deliverable upon such {Early Settlement} {Cash Merger Early Settlement} be registered in the name of, and delivered, together with a check in payment for any fractional share and any Corporate Unit Certificate representing any Corporate Units evidenced hereby as to which {Early Settlement} {Cash Merger Early Settlement} of the related Stock Purchase Contracts is not effected, to the undersigned at the address indicated below (or to the securities account designated in writing by the Registered Holder) unless a different name and address have been indicated below. Pledged Debentures deliverable upon such {Early Settlement} {Cash Merger Early Settlement} will be transferred in accordance with the transfer instructions set forth below. If shares of Common Stock or other securities or property are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: \_\_\_\_\_ Signature \_\_\_\_\_  
Signature Guarantee: \_\_\_\_\_

Number of Corporate Units evidenced hereby as to which {Early Settlement} {Cash Merger Early Settlement} of the related Stock Purchase Contracts is being elected:

If shares of Common Stock or other securities or property are to be registered in the name of and delivered to and Pledged Debentures are to be transferred to a Person other than the Holder, please print such Person's name and address:

**REGISTERED HOLDER:**

Please print name and address of Registered Holder:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Social Security or other Taxpayer Identification Number, if any

\_\_\_\_\_

Transfer Instructions for Pledged Debentures transferable upon {Early Settlement} {Cash Merger Early Settlement}:

FORM OF CORPORATE UNIT

**Settlement Instructions for [Third] [SECOND] [FIRST]  
Stock Purchase Contract Date**

No. \_\_\_\_\_

Number of Corporate Units:

**AMERICAN INTERNATIONAL GROUP, INC.  
CORPORATE UNITS**

The undersigned Holder directs that a certificate (including in book-entry if requested by the Holder) for shares of Common Stock deliverable upon settlement on or after the [Third] [Second] [First] Stock Purchase Date of the Stock Purchase Contracts underlying the number of Corporate Units issued pursuant to the Purchase Contract Agreement, dated as of May 16, 2008, between American International Group, Inc. and The Bank of New York, as Purchase Contract Agent and evidenced by the Corporate Unit Certificate bearing the certificate number indicated above be registered in the name of, and delivered, together with a check in payment for any fractional share, to the undersigned at the address indicated below (or to the securities account designated in writing by the Registered Holder) unless a different name and address have been indicated below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated:

Signature

\_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_

If shares are to be registered in the name of and delivered to a Person other than the Holder, please (i) print such Person's name and address and (ii) provide a guarantee of your signature:

**Registered Holder:**

Please print name and address of Registered Holder:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Social Security or other Taxpayer  
Identification Number, if any

FORM OF CORPORATE UNIT



[TO BE ATTACHED TO GLOBAL CERTIFICATES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL CERTIFICATE

The initial number of Corporate Units represented by this Global Certificate is . The following increases or decreases in this Global Certificate have been made:

<u>Date</u>	<u>Amount of increase in Number of Corporate Units evidenced by the Global Certificate</u>	<u>Amount of decrease in Number of Corporate Units evidenced by the Global Certificate</u>	<u>Number of Corporate Units evidenced by this Global Certificate following such decrease or increase</u>	<u>Signature of authorized signatory of Purchase Contract Agent</u>
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FORM OF CORPORATE UNIT

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM: as tenants in common
- UNIF GIFT MIN ACT: \_\_\_\_\_ Custodian \_\_\_\_\_ (Cust) (Minor)
- TEN ENT: as tenants by the entireties
- JT TEN: as joint tenants with right of survivorship and not as tenants in common
- Under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

\_\_\_\_\_  
\_\_\_\_\_  
(Please insert Social Security or Taxpayer I.D. or other Identifying Number of Assignee)

\_\_\_\_\_  
\_\_\_\_\_  
(Please print or type name and address including Postal Zip code of Assignee)

the within Corporate Unit Certificates and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ Attorney, to transfer said Corporate Unit Certificates on the books of the Security Registrar, with full power of substitution in the premises.

Dated: Signature \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Corporate Unit Certificates in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee: \_\_\_\_\_

ELECTION FOR EARLY SETTLEMENT/CASH MERGER EARLY SETTLEMENT

The undersigned Holder of this Treasury Unit Certificate hereby irrevocably exercises the option to effect {Early Settlement} {Cash Merger Early Settlement} in accordance with the terms of the Purchase Contract Agreement with respect to the Stock Purchase Contracts underlying the number of Treasury Units evidenced by this Treasury Unit Certificate specified below. The undersigned Holder directs that a certificate for shares of Common Stock or other securities or property deliverable upon such {Early Settlement} {Cash Merger Early Settlement} be registered in the name of, and delivered, together with a check in payment for any fractional share and any Treasury Unit Certificate representing any Treasury Units evidenced hereby as to which {Early Settlement} {Cash Merger Early Settlement} of the related Stock Purchase Contracts is not effected, to the undersigned at the address indicated below (or to the securities account designated in writing by the Registered Holder) unless a different name and address have been indicated below. Pledged Treasury Securities deliverable upon such {Early Settlement} {Cash Merger Early Settlement} will be transferred in accordance with the transfer instructions set forth below. If shares of Common Stock or other securities or property are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated: \_\_\_\_\_ Signature \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_

Number of Treasury Units evidenced hereby as to which {Early Settlement} {Cash Merger Early Settlement} of the related Stock Purchase Contracts is being elected:

If shares of Common Stock or other securities or property are to be registered in the name of and delivered to and Pledged Treasury Securities are to be transferred to a Person other than the Holder, please print such Person's name and address:

**REGISTERED HOLDER:**

\_\_\_\_\_  
Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Please print name and address of Registered Holder:  
\_\_\_\_\_  
Name  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other Taxpayer Identification Number, if any

Transfer Instructions for Pledged Treasury Securities transferable upon {Early Settlement} {Cash Merger Early Settlement}:

**Settlement Instructions for [Third] [SECOND] [FIRST] Stock Purchase Contract Date**

No. \_\_\_\_\_

Number of Treasury Units:

**AMERICAN INTERNATIONAL GROUP, INC.  
TREASURY UNITS**

The undersigned Holder directs that a certificate (including in book-entry if requested by the Holder) for shares of Common Stock deliverable upon settlement on or after the [Third] [Second] [First] Stock Purchase Date of the Stock Purchase Contracts underlying the number of Treasury Units issued pursuant to the Purchase Contract Agreement, dated as of May 16, 2008, between American International Group, Inc. and The Bank of New York, as Purchase Contract Agent and evidenced by the Treasury Unit Certificate bearing the certificate number indicated above be registered in the name of, and delivered, together with a check in payment for any fractional share, to the undersigned at the address indicated below (or to the securities account designated in writing by the Registered Holder) unless a different name and address have been indicated below. If shares are to be registered in the name of a Person other than the undersigned, the undersigned will pay any transfer tax payable incident thereto.

Dated:

Signature

\_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_

If shares are to be registered in the name of and delivered to a Person other than the Holder, please (i) print such Person's name and address and (ii) provide a guarantee of your signature:

**Registered Holder:**

Please print name and address of Registered Holder:

\_\_\_\_\_

Name

\_\_\_\_\_

Name

\_\_\_\_\_

Address

\_\_\_\_\_

Address

\_\_\_\_\_

Social Security or other Taxpayer  
Identification Number, if any

FORM OF TREASURY UNIT

INSTRUCTION TO PURCHASE CONTRACT AGENT

The Bank of New York,  
as Purchase Contract Agent  
Attention: Corporate Finance Group  
101 Barclay Street-8W  
New York, New York 10286

Re: {Corporate Units} {Treasury Units} of  
American International Group, Inc., a Delaware corporation (the "Company")

The undersigned Holder hereby notifies you that it has delivered to The Bank of New York, as Securities Intermediary, for credit to the Collateral Account, \$ aggregate {principal amount of each applicable series of Debentures} {principal amount of the applicable Qualifying Treasury Securities} in exchange for the corresponding aggregate {principal amount of Pledged Debentures} {principal amount of Pledged Treasury Securities} held in the Collateral Account, in accordance with the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"; unless otherwise defined herein, terms defined in the Pledge Agreement are used herein as defined therein), between you, the Company, the Collateral Agent, the Custodial Agent and the Securities Intermediary. The undersigned Holder has paid all applicable fees and expenses relating to such exchange. The undersigned Holder hereby instructs you to instruct the Collateral Agent to release to you on behalf of the undersigned Holder the {Pledged Debentures} {Pledged Treasury Securities} related to such {Corporate Units} {Treasury Units}.

Dated:

\_\_\_\_\_  
Signature Guarantee:

Please print name and address of Registered Holder:

\_\_\_\_\_  
Social Security or other Taxpayer Identification Number, if any

\_\_\_\_\_  
Name  
Address  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FORM OF INSTRUCTION TO  
PURCHASE CONTRACT AGENT

**NOTICE FROM STOCK PURCHASE CONTRACT AGENT  
TO HOLDERS**

(Transfer of Collateral upon Occurrence of a Termination Event)

{HOLDER}

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Attention: \_\_\_\_\_  
Telecopy: \_\_\_\_\_

Re: {Corporate Units} {Treasury Units} of  
American International Group, Inc., a Delaware corporation (the "Company")

Please refer to the Purchase Contract Agreement, dated as of May 16, 2008 (the "*Purchase Contract Agreement*"; unless otherwise defined herein, terms defined in the Purchase Contract Agreement are used herein as defined therein), between the Company and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units and Treasury Units from time to time.

We hereby notify you we have received notice that a Termination Event has occurred and that {the Debentures} {the Qualifying Treasury Securities} comprising a portion of your ownership interest in {Corporate Units} {Treasury Units} have been released and are being held by us for your account pending receipt of transfer instructions with respect to such {Debentures} {Qualifying Treasury Securities} (the "*Released Securities*").

Pursuant to Section 3.15 of the Purchase Contract Agreement, we hereby request written transfer instructions with respect to the Released Securities. Upon receipt of your instructions and upon transfer to us of your {Corporate Units}{Treasury Units} effected through book-entry or by delivery to us of your {Corporate Unit Certificate}{Treasury Unit Certificate}, we shall transfer the Released Securities by book-entry transfer or other appropriate procedures, in accordance with your instructions.

In the event you fail to effect such transfer or delivery, the Released Securities and any distributions thereon, shall be held in our name, or a nominee in trust for your benefit, until such time as such {Corporate Units}{Treasury Units} are transferred or your {Corporate Unit Certificate} {Treasury Unit Certificate} is surrendered or satisfactory evidence is provided that such {Corporate Unit Certificate}{Treasury Unit Certificate} has been mutilated, destroyed, lost or stolen, together with any indemnification that we or the Company may require.

Dated: \_\_\_\_\_ **THE BANK OF NEW YORK**  
By: Name: \_\_\_\_\_  
Title: Authorized Signatory

FORM OF NOTICE OF TERMINATION EVENT

**NOTICE TO SETTLE WITH CASH**

The Bank of New York  
as Purchase Contract Agent  
Attention: Corporate Finance Group  
101 Barclay Street-8W  
New York, New York 10286

Re: Equity Units of American International Group, Inc.,  
a Delaware corporation (the "Company")

The undersigned Holder hereby irrevocably notifies you in accordance with Section 5.02 of the Purchase Contract Agreement, dated as of May 16, 2008 (the "*Purchase Contract Agreement*"; unless otherwise defined herein, terms defined in the Purchase Contract Agreement are used herein as defined therein), between the Company and you, as Purchase Contract Agent and as attorney-in-fact for the Holders of the Stock Purchase Contracts, that such Holder has elected to deliver \$1,000 in immediately available funds for each 40 Equity Units evidenced by the Certificate accompanying this notice to the Securities Intermediary for deposit in the Collateral Account, at or prior to 11:00 a.m. (New York City time) on the Business Day immediately preceding the applicable Stock Purchase Date. The \$1,000 in immediately available funds so deposited shall be delivered to the Company on the applicable Stock Purchase Date in settlement of the obligations of the Holder under Stock Purchase Contracts on such Stock Purchase Date in accordance with the terms of the Purchase Contract Agreement and the Pledge Agreement.

The undersigned Holder hereby instructs you to notify promptly the Collateral Agent of the undersigned Holders' election to make such Settlement with Cash with respect to the Stock Purchase Contracts related to such Holder's Corporate Units on the applicable Stock Purchase Date.

Dated:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature Guarantee

FORM OF NOTICE TO  
SETTLE WITH CASH

**NOTICE FROM STOCK PURCHASE CONTRACT AGENT  
TO COLLATERAL AGENT**

(Settlement of Stock Purchase Contract through Remarketing)

Wilmington Trust Company,  
as Collateral Agent  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust Administration  
Telephone: (302) 636-6453  
Facsimile: (302) 636-4140

Re: Corporate Units of American International Group, Inc.,  
a Delaware corporation (the “Company”)

Please refer to the Purchase Contract Agreement, dated as of May 16, 2008 (the “*Purchase Contract Agreement*”; unless otherwise defined herein, terms defined in the Purchase Contract Agreement are used herein as defined therein), between the Company and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the Holders of Corporate Units from time to time.

In accordance with Section 5.02 of the Purchase Contract Agreement and, based on notices of Settlements with Cash received from Holders of Corporate Units as of 11:00 a.m. (New York City time), on the second Business Day immediately preceding the applicable Stock Purchase Date, we hereby notify you that Series {B-1}{B-2}{B-3} Debentures in an aggregate principal amount of \$ \_\_\_\_\_ are to be tendered for purchase in the Remarketing commencing on applicable Remarketing Period Start Date.

Dated: **THE BANK OF NEW YORK,**  
as the Purchase Contract Agent

\_\_\_\_\_  
By: Name:  
Title:

FORM OF NOTICE TO COLLATERAL AGENT



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**PLEDGE AGREEMENT**

among

**AMERICAN INTERNATIONAL GROUP, INC.**

and

**WILMINGTON TRUST COMPANY,**

as Collateral Agent, Custodial Agent and Securities Intermediary

and

**THE BANK OF NEW YORK,**

as Purchase Contract Agent

Dated as of May 16, 2008

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**PLEDGE AGREEMENT**, dated as of May 16, 2008 among American International Group, Inc., a Delaware corporation (the “*Company*”), Wilmington Trust Company, as collateral agent for the Company (in such capacity, the “*Collateral Agent*”), as custodial agent for the Holders from time to time of the Equity Units (in such capacity, the “*Custodial Agent*”), and as securities intermediary (as defined in Section 8-102(a)(14) of the UCC) with respect to each Collateral Account (in such capacity, the “*Securities Intermediary*”), and The Bank of New York, as purchase contract agent and as attorney-in-fact of the Holders from time to time of the Equity Units (in such capacity, the “*Purchase Contract Agent*”) under the Purchase Contract Agreement.

#### **RECITALS**

**WHEREAS**, the Company and the Purchase Contract Agent are parties to the Purchase Contract Agreement, dated as of the date hereof (as modified and supplemented and in effect from time to time, the “*Purchase Contract Agreement*”), pursuant to which 78,400,000 Corporate Units will be issued;

**WHEREAS**, each Corporate Unit, at issuance, has an initial stated amount of \$75 and consists of (a) a stock purchase contract (a “*Stock Purchase Contract*”) pursuant to which the Holder will purchase from the Company on each Stock Purchase Date, for \$25, a number of shares of the Company’s common stock, par value \$2.50 per share (“*Common Stock*”), equal to the Settlement Rate for such Stock Purchase Date; (b) a 1/40, or 2.5%, beneficial ownership interest in a Series B-1 Debenture having a principal amount of \$1,000; (c) a 1/40, or 2.5%, beneficial ownership interest in a Series B-2 Debenture having a principal amount of \$1,000, and (d) a 1/40, or 2.5%, beneficial ownership interest in a Series B-3 Debenture having a principal amount of \$1,000; and

**WHEREAS**, pursuant to the terms of the Purchase Contract Agreement and the Stock Purchase Contracts, the Holders of the Equity Units have irrevocably authorized the Purchase Contract Agent, as attorney-in-fact of such Holders, among other things, to execute and deliver this Agreement on behalf of such Holders and to grant the pledge to the Collateral Agent on behalf of the Company provided herein of the Collateral to secure the Obligations;

**NOW, THEREFORE**, the Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Purchase Contract Agent agree as follows:

#### **ARTICLE I DEFINITIONS**

##### **Section 1.1 Definitions.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, and nouns and pronouns of the masculine gender include the feminine and neuter genders;

(b) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Exhibit or other subdivision;

PLEDGE AGREEMENT

(c) the following terms which are defined in the UCC shall have the meanings set forth therein: “Certificated Security,” “Control,” “Financial Asset,” “Entitlement Order,” “Securities Account” and “Security Entitlement”;

(d) capitalized terms used herein and not defined herein have the meanings assigned to them in the Purchase Contract Agreement; and

(e) the following terms have the meanings given to them in this Section 1.1(e):

“*Agreement*” means this Pledge Agreement, as the same may be amended, modified or supplemented from time to time.

“*Collateral*” means the collective reference to:

(i) the Collateral Account and all investment property and other financial assets from time to time credited thereto and all security entitlements with respect thereto, including, without limitation:

(A) the Debentures and security entitlements relating thereto that are a component of the Corporate Units from time to time,

(B) any Pledged Treasury Portfolio purchased pursuant to a Successful Remarketing of Debentures,

(C) any Qualifying Treasury Securities and security entitlements relating thereto delivered from time to time upon creation of Treasury Units in accordance with Section 5.2, and

(D) payments made by Holders pursuant to Section 5.5;

(ii) all Proceeds of any of the foregoing (whether such Proceeds arise before or after the commencement of any proceeding under any applicable bankruptcy, insolvency or other similar law, by or against the pledgor or with respect to the pledgor); and

(iii) all powers and rights now owned or hereafter acquired under or with respect to the Collateral.

“*Collateral Account*” means the securities account of Wilmington Trust Company, as Collateral Agent, maintained by the Securities Intermediary and designated “Wilmington Trust Company, as Collateral Agent of American International Group, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders.”

“*Collateral Agent*” means the Person named as the “Collateral Agent” in the first paragraph of this Agreement until a successor Collateral Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter “Collateral Agent” shall mean such Person or any subsequent successor who is appointed pursuant to this Agreement.

“*Company*” means the Person named as the “Company” in the first paragraph of this Agreement until a successor shall have become such pursuant to the applicable provisions of the Purchase Contract Agreement, and thereafter “Company” shall mean such successor.

PLEDGE AGREEMENT

“*Custodial Agent*” means the Person named as the “Custodial Agent” in the first paragraph of this Agreement until a successor Custodial Agent shall have become such pursuant to the applicable provisions of this Agreement, and thereafter “Custodial Agent” shall mean such Person or any subsequent successor who is appointed pursuant to this Agreement.

“*Obligations*” means, with respect to each Holder, all obligations and liabilities of such Holder under such Holder’s Stock Purchase Contract, the Purchase Contract Agreement and this Agreement or any other document made, delivered or given in connection herewith or therewith, including, without limitation, Holder’s obligation to pay the Purchase Price on each applicable Stock Purchase Date, in each case whether on account of principal, interest (including, without limitation, interest accruing before and after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to such Holder, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Company or the Collateral Agent or the Securities Intermediary that are required to be paid by the Holder pursuant to the terms of any of the foregoing agreements).

“*Permitted Investments*” means any one of the following, in each case maturing on the Business Day following the date of acquisition:

(i) any evidence of indebtedness with an original maturity of 365 days or less issued, or directly and fully guaranteed or insured, by the United States of America or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States of America is pledged in support of the timely payment thereof or such indebtedness constitutes a general obligation of it);

(ii) deposits, certificates of deposit or acceptances with an original maturity of 365 days or less of any institution which is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$500 million at the time of deposit (and which may include the institution acting as Collateral Agent);

(iii) investments with an original maturity of 365 days or less of any Person that are fully and unconditionally guaranteed by a bank referred to in clause (ii);

(iv) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the United States of America or issued by any agency thereof and backed as to timely payment by the full faith and credit of the United States of America;

(v) investments in commercial paper, other than commercial paper issued by the Company or its Affiliates, of any corporation incorporated under the laws of the United States of America or any State thereof, which commercial paper has a rating at the time of purchase at least equal to “A-1” by Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies (“S&P”), or at least equal to “P-1” by Moody’s Investors Service, Inc. (“Moody’s”); and

(vi) investments in money market funds (including, but not limited to, money market funds managed by the institution acting as the Collateral Agent or an affiliate of the institution acting as the Collateral Agent) registered under the Investment Company Act of 1940, as

PLEDGE AGREEMENT

amended, subject to Rule 2a-7 thereunder, and rated in the highest applicable rating category by S&P or Moody's.

"*Pledge*" means the lien and security interest created by this Agreement.

"*Pledged Debentures*" means the Debentures and security entitlements with respect thereto from time to time credited to the Collateral Account and not then released from the Pledge. References to the applicable Pledged Debentures mean the Debentures comprising part of a Corporate Unit at any time, and security entitlements with respect thereto, that are from time to time credited to the Collateral Account and not then released from the Pledge.

"*Pledged Securities*" means the Pledged Debentures and the Pledged Treasury Securities, collectively.

"*Pledged Treasury Portfolio*" means the Treasury Portfolio (within the meaning of clause (i) of the definition of such term in the Purchase Contract Agreement) and security entitlements with respect thereto that are from time to time credited to the Collateral Account and not released from the Pledge.

"*Pledged Treasury Securities*" means Qualifying Treasury Securities and security entitlements with respect thereto from time to time credited to the Collateral Account and not then released from the Pledge. References to the applicable Pledged Treasury Securities mean the Qualifying Treasury Securities comprising part of a Treasury Unit at any time, and security entitlements with respect thereto, that are from time to time credited to the Collateral Account and not then released from the Pledge.

"*Proceeds*" has the meaning ascribed thereto in Section 9-102(a)(64) of the UCC and includes, without limitation, all interest, dividends, cash, instruments, securities, financial assets and other property received, receivable or otherwise distributed upon the sale (including, without limitation, in any Remarketing), exchange, collection or disposition of any financial assets from time to time held in a Collateral Account.

"*Securities Intermediary*" means the Person named as the "Securities Intermediary" in the first paragraph of this Agreement until a successor Securities Intermediary shall have become such pursuant to the applicable provisions of this Agreement, and thereafter "Securities Intermediary" shall mean such Person or any subsequent successor who is appointed pursuant to this Agreement.

"*Purchase Contract Agent*" means the Person named as the "Purchase Contract Agent" in the first paragraph of this Agreement until a successor Purchase Contract Agent shall have become such pursuant to the applicable provisions of the Purchase Contract Agreement, and thereafter "Purchase Contract Agent" shall mean such Person or any subsequent successor who is appointed pursuant to this Agreement.

"*TRADES*" means the Treasury/Reserve Automated Debt Entry System maintained by the Federal Reserve Bank of New York pursuant to the TRADES Regulations.

"*TRADES Regulations*" means the regulations of the United States Department of the Treasury, published at 31 C.F.R. Part 357, as amended from time to time. Unless otherwise defined herein, all terms defined in the TRADES Regulations are used herein as therein defined.

"*Transfer*" means (i) in the case of certificated securities in registered form, delivery as provided in Section 8-301(a) of the UCC, endorsed to the transferee or in blank by an effective endorsement, (ii) in the case of a direct transfer of U.S. Treasury securities, registration of the transferee as the owner of such



Treasury Securities on TRADES and (iii) in the case of security entitlements, including, without limitation, security entitlements with respect to U.S. Treasury securities, a securities intermediary indicating by book entry that such security entitlement has been credited to the transferee's securities account.

"UCC" means the Uniform Commercial Code as in effect in the State of New York from time to time.

"Value" means, with respect to any item of Collateral on any date, as to (1) cash, the face amount thereof, (2) Qualifying Treasury Securities or the Treasury Portfolio, the aggregate principal amount thereof at maturity, and (3) Debentures, the aggregate principal amount of thereof.

(f) The following terms have the meanings set forth in the Section of this Agreement:

Encumbrance	Section 8.1(b)
Indemnitee	Section 9.8(b)
Loss or Losses	Section 9.8(b)

## ARTICLE II

### PLEDGE

#### Section 2.1 Pledge.

Each Holder, acting through the Purchase Contract Agent as such Holder's attorney-in-fact, and the Purchase Contract Agent, acting solely as such attorney-in-fact, hereby pledges and grants to the Collateral Agent, as agent of and for the benefit of the Company, a continuing first priority security interest in and to, and a lien upon and right of set-off against, all of such Person's right, title and interest in and to the Collateral to secure the prompt and complete payment and performance when due (whether at maturity or otherwise) of the Obligations. The Collateral Agent shall have all of the rights, remedies and recourses with respect to the Collateral afforded a secured party by the UCC, in addition to, and not in limitation of, the other rights, remedies and recourses afforded to the Collateral Agent by this Agreement.

#### Section 2.2 Termination.

As to each Holder, this Agreement and the Pledge created hereby shall terminate upon the payment and performance in full of such Holder's Obligations. Upon receipt of notice from the Purchase Contract Agent of such termination, the Collateral Agent shall, except as otherwise provided herein, instruct the Securities Intermediary to Transfer such Holder's portion of the Collateral to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

PLEDGE AGREEMENT

**ARTICLE III**  
**DISTRIBUTIONS ON PLEDGED COLLATERAL**

**Section 3.1** *Income and Distributions.*

The Collateral Agent shall transfer to the Purchase Contract Agent for distribution to the applicable Holders as provided in the Stock Purchase Contracts or Purchase Contract Agreement all income and distributions received by the Collateral Agent on account of the Pledged Debentures or Permitted Investments from time to time held in the Collateral Account.

**Section 3.2** *Payments Following Termination Event.*

Following a Termination Event, the Collateral Agent shall transfer all payments of principal amount it receives, if any, in respect of (1) the Pledged Debentures or any Pledged Treasury Portfolio and (2) the Pledged Treasury Securities, to the Purchase Contract Agent for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests, free and clear of the Pledge created hereby.

**Section 3.3** *Payments Prior to or on Stock Purchase Date.*

(a) Subject to the provisions of Section 5.6, and except as provided in Sections 3.3(b) and 3.3(c), if no Termination Event shall have occurred,

(i) all payments of principal received by the Securities Intermediary in respect of (x) the Pledged Debentures or any Pledged Treasury Portfolio and (y) the Pledged Treasury Securities shall be held in the Collateral Account and invested in Permitted Investments until the applicable Stock Purchase Date; and

(ii) as provided in Section 5.7, (x) the Pledged Debentures of each series shall be transferred to the Company or upon the order of the Company on the applicable Stock Purchase Date, to the Remarketing Agent, on the applicable Remarketing Settlement Date, and (y) with respect to each Treasury Unit or Corporate Unit as to which the Holder has elected to effect a Settlement with Cash, \$25 in cash shall be transferred to the Company on the applicable Stock Purchase Date. Any cash or Permitted Investments remaining in the Collateral Account on the applicable Stock Purchase Date shall be released from the Pledge by the Collateral Agent, and the Collateral Agent shall instruct the Securities Intermediary to, and the Securities Intermediary shall, Transfer to the Purchase Contract Agent such balance for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests, free and clear of the Pledge created thereby;

(b) The Company shall instruct the Collateral Agent in writing as to the Permitted Investments in which any payments made under Section 3.3(a) shall be invested; *provided, however*, that if the Company fails to deliver such instructions by 10:30 a.m. (New York City time) on the day such payments are received by the Collateral Agent, the Collateral Agent shall invest such payments in the Permitted Investments as described in clause (vi) of the definition of Permitted Investments. The Collateral Agent shall have no liability in respect of losses incurred as a result of the failure of the Company to provide written investment direction. The Collateral Agent may conclusively rely on any written direction and shall bear no liability for any loss or other damage based on acting or omitting to act under this Section 3.3 pursuant to any direction of the Company and neither the Collateral Agent nor the

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Securities Intermediary shall in any way be liable for the selection of Permitted Investments or by reason of any insufficiency in a Collateral Account resulting from any loss on any Permitted Investment included therein.

(c) All payments of principal received by the Securities Intermediary in respect of (1) the Debentures and (2) the Qualifying Treasury Securities or security entitlements thereto, that, in each case, have been released from a Pledge pursuant hereto shall be transferred to the Purchase Contract Agent for the benefit of the applicable Holders for distribution to such Holders in accordance with their respective interests.

**Section 3.4** *Payments to Purchase Contract Agent.*

The Securities Intermediary shall use commercially reasonable efforts to deliver payments to the Purchase Contract Agent hereunder, to the extent it has received the same along with written notification, to the account designated by the Purchase Contract Agent for such purpose not later than 12:00 noon (New York City time) on the Business Day such payment is received by the Securities Intermediary; *provided, however*, that if such payment is received by the Securities Intermediary on a day that is not a Business Day or after 10:00 a.m. (New York City time) on a Business Day, then the Securities Intermediary shall use commercially reasonable efforts to deliver such payment to the Purchase Contract Agent no later than 10:30 a.m. (New York City time) on the next succeeding Business Day.

**Section 3.5** *Assets Not Properly Released.*

If the Purchase Contract Agent or any Holder shall receive any principal payments on account of financial assets credited to the Collateral Account or to the Company and not released therefrom in accordance with this Agreement, the Purchase Contract Agent or such Holder shall hold the same as trustee of an express trust for the benefit of the Company and, upon receipt of an Issuer Order of the Company so directing, promptly deliver the same to the Securities Intermediary for credit to the Collateral Account or to the Company for application to the Obligations of such Holder, and the Purchase Contract Agent and such Holder shall acquire no right, title or interest in any such payments of principal so received. The Purchase Contract Agent shall have no liability under this Section 3.5 unless and until it has been notified in writing that such payment was delivered to it erroneously and shall have no liability for any action taken, suffered or omitted to be taken prior to its receipt of such notice.

**ARTICLE IV**

**CONTROL**

**Section 4.1** *Establishment of Collateral Account.*

The Securities Intermediary hereby confirms that:

(a) the Securities Intermediary has established the Collateral Account and its records identify the Collateral Agent as the sole person having a securities entitlement with respect to such Collateral Account;

(b) it shall at all times maintain the Collateral Account as a securities account;

(c) subject to the terms of this Agreement, the Securities Intermediary shall identify in its records the Collateral Agent as the sole entitlement holder entitled to exercise the rights that comprise any financial asset credited to the Collateral Account;

(d) all property delivered to the Securities Intermediary pursuant to this Agreement or the Purchase Contract Agreement, including any Permitted Investments, will be credited promptly to the Collateral Account;

(e) all securities or other property underlying any financial assets credited to a Collateral Account shall be (i) registered in the name of the Purchase Contract Agent and endorsed to the Securities Intermediary or in blank, (ii) registered in the name of the Securities Intermediary or (iii) credited to another securities account maintained in the name of the Securities Intermediary; and

(f) in no case will any financial asset credited to a Collateral Account be registered in the name of the Purchase Contract Agent or any Holder or specially endorsed to the Purchase Contract Agent or any Holder unless such financial asset has been further endorsed to the Securities Intermediary or in blank.

**Section 4.2** *Treatment as Financial Assets.*

Each item of property (whether investment property, security, instrument or cash) credited to a Collateral Account shall be treated as a financial asset.

**Section 4.3** *Sole Control by Collateral Agent.*

Except as provided in Sections 6.1 and 9.1, at all times prior to the termination of the Pledge, the Collateral Agent shall have sole Control of the Collateral Account, and the Securities Intermediary shall take instructions and directions, and comply with entitlement orders, with respect to the Collateral Account or any financial asset credited thereto solely from the Collateral Agent. If at any time the Securities Intermediary shall receive an entitlement order issued by the Collateral Agent and relating to the Collateral Account, the Securities Intermediary shall comply with such entitlement order without further consent by the Purchase Contract Agent or any Holder or any other Person. Except as otherwise permitted under this Agreement, until termination of the Pledge, the Securities Intermediary will not comply with any entitlement orders issued by the Purchase Contract Agent or any Holder.

**Section 4.4** *Securities Intermediary's Location.*

The Collateral Account and the rights and obligations of the Securities Intermediary, the Collateral Agent, the Purchase Contract Agent and the Holders with respect thereto, shall be governed by the laws of the State of New York. Regardless of any provision in any other agreement, for purposes of the UCC, New York shall be deemed to be the Securities Intermediary's jurisdiction.

**Section 4.5** *No Other Claims.*

Except for the claims and interest of the Collateral Agent and of the Purchase Contract Agent and the Holders in the Collateral Account, the Securities Intermediary (without having conducted any investigation) has no actual knowledge of any claim to, or interest in, the Collateral Account or in any financial asset credited thereto. If any Person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the

Collateral Account or in any financial asset carried therein, the Securities Intermediary will promptly notify the Collateral Agent and the Purchase Contract Agent.

**Section 4.6 *Investment and Release.***

All proceeds of financial assets from time to time deposited in the Collateral Account shall be invested and reinvested as provided in this Agreement. At no time prior to termination of the Pledge with respect to any particular property shall such property be released from the Collateral Account except in accordance with this Agreement or upon written instructions of the Collateral Agent.

**Section 4.7 *Statements and Confirmations.***

The Securities Intermediary will promptly send copies of all statements, confirmations and other correspondence concerning the Collateral Account and any financial assets credited thereto simultaneously to each of the Purchase Contract Agent, the Company and the Collateral Agent at their addresses for notices under this Agreement.

**Section 4.8 *Tax Allocations.***

The Purchase Contract Agent shall perform all customary tax reporting with respect to all items of income, gain, expense and loss recognized in the Collateral Account to the extent such reporting is required by law. None of the Securities Intermediary, the Custodial Agent or the Collateral Agent shall have any tax reporting duties hereunder.

**Section 4.9 *No Other Agreements.***

The Securities Intermediary has not entered into, and prior to the termination of the Pledge will not enter into, any agreement with any other Person relating to the Collateral Account or any financial assets credited thereto, including, without limitation, any agreement to comply with entitlement orders of any Person other than the Collateral Agent.

**Section 4.10 *Powers Coupled with an Interest.***

The rights and powers granted in this Article IV to the Collateral Agent have been granted in order to perfect its security interests in the Collateral Account, are powers coupled with an interest and will be affected neither by the bankruptcy of the Purchase Contract Agent or any Holder nor by the lapse of time. The obligations of the Securities Intermediary under this Article IV shall continue in effect until the termination of the Pledge with respect to any and all Collateral.

**Section 4.11 *Waiver of Lien; Waiver of Set-off.***

The Securities Intermediary waives any security interest, lien or right to make deductions or set-offs that it may now have or hereafter acquire in or with respect to the Collateral Account, any financial asset credited thereto or any security entitlement in respect thereof. Neither the financial assets credited to the Collateral Account, nor the security entitlements in respect thereof will be subject to deduction, set-off, banker's lien or any other right in favor of any person other than the Company.

**ARTICLE V**  
**INITIAL DEPOSIT; CREATION OF TREASURY**  
**UNITS AND RECREATION OF CORPORATE**  
**UNITS**

**Section 5.1** *Initial Deposit of Debentures.*

(a) Prior to or concurrently with the execution and delivery of this Agreement, the Purchase Contract Agent, on behalf of the initial Holders of the Corporate Units, shall Transfer to the Collateral Agent for credit to the Collateral Account, the Debentures or security entitlements relating thereto, and the Securities Intermediary shall thereupon indicate by book-entry that such Debentures, regardless of whether received by the Securities Intermediary in the form of certified securities effectively endorsed in blank or as security entitlements, have been credited to the Collateral Account.

(b) The Securities Intermediary may, at any time or from time to time, cause any or all securities or other property underlying any financial assets credited to the Collateral Account to be registered in the name of the Securities Intermediary, the Collateral Agent or their respective nominees; *provided, however*, that unless any event of default (as specified in Section 7.1(b)) hereunder shall have occurred and be continuing, the Securities Intermediary agrees not to cause any securities or other property underlying any financial assets to be so re-registered.

**Section 5.2** *Creation of Treasury Units.*

(a) Pursuant to and in accordance with the procedures set forth in Section 3.13 of the Purchase Contract Agreement, a Holder of Corporate Units will have the right, at any time (other than during a Blackout Period), to create Treasury Units by substitution of the applicable Qualifying Treasury Securities or security entitlements with respect thereto for the Pledged Debentures of each series then comprising a part of all or a portion of such Holder's Corporate Units, in integral multiples of 40 Corporate Units, by:

(i) Transferring to the Purchase Contract Agent, for further Transfer to the Securities Intermediary for credit to the Collateral Account, principal amounts at maturity of the applicable Qualifying Treasury Securities on the date of deposit or security entitlements with respect thereto in principal amounts at maturity equal to the aggregate principal amounts of the Pledged Debentures to be released, accompanied by a notice, substantially in the form of Exhibit C to the Purchase Contract Agreement, whereupon the Purchase Contract Agent shall deliver to the Collateral Agent a notice, substantially in the form of Exhibit A, (A) stating that such Holder has notified the Purchase Contract Agent that such Holder has Transferred the applicable Qualifying Treasury Securities or security entitlements with respect thereto to the Purchase Contract Agent for further Transfer to the Securities Intermediary for credit to the Collateral Account, (B) stating the aggregate principal amount at maturity of each applicable Qualifying Treasury Security or security entitlements with respect thereto Transferred by such Holder, and (C) requesting that the Collateral Agent instruct the Securities Intermediary to accept such Transfer of Qualifying Treasury Securities and to release from the Pledge to the Purchase Contract Agent as attorney-in-fact of such Holder an equal principal amount of each series of Pledged Debentures that is then a component of such Corporate Units; and

(ii) delivering the related Corporate Units to the Purchase Contract Agent.

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Upon receipt of such notice requesting the giving of instructions to the Securities Intermediary that such Transfer be accepted and confirmation that Qualifying Treasury Securities or security entitlements with respect thereto have been credited to the Collateral Account as described in such notice, the Collateral Agent shall instruct the Securities Intermediary by a notice, substantially in the form of Exhibit B, to release such Pledged Debentures from the Pledge by Transfer to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

(b) Upon credit to the Collateral Account of the Qualifying Treasury Securities or security entitlements with respect thereto delivered by the Purchase Contract Agent and receipt of the related instruction from the Collateral Agent, the Securities Intermediary shall release the Pledged Debentures of each series that is then a component of such Corporate Units from the Pledge and shall promptly Transfer the same to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

**Section 5.3 Recreation of Corporate Units.**

(a) Pursuant to and in accordance with the procedures set forth in Section 3.14 of the Purchase Contract Agreement, at any time (other than during a Blackout Period), a Holder of Treasury Units will have the right to recreate Corporate Units by substitution of the applicable series of Debentures or security entitlements with respect thereto for Pledged Treasury Securities in integral multiples of 40 Treasury Units by:

(i) Transferring to the Purchase Contract Agent for further Transfer to the Securities Intermediary, for credit to the Collateral Account, for each 40 Corporate Units to be recreated, \$1,000 principal amount of Debentures of each series that is then a component of Corporate Units or security entitlements with respect thereto, accompanied by a notice, substantially in the form of Exhibit C to the Purchase Contract Agreement, whereupon the Purchase Contract Agent shall deliver to the Collateral Agent a notice, substantially in the form of Exhibit C, stating that (A) such Holder has Transferred such Debentures or security entitlements with respect thereto to the Purchase Contract Agent for further Transfer to the Securities Intermediary for credit to the Collateral Account, (B) stating the aggregate principal amount of Debentures of the applicable series or security entitlements with respect thereto Transferred by such Holder, and (C) requesting that the Collateral Agent instruct the Securities Intermediary to accept such Transfer and to release from the Pledge to the Purchase Contract Agent a corresponding amount of the applicable Pledged Treasury Securities related to such Treasury Units; and

(ii) delivering the related Treasury Units to the Purchase Contract Agent.

Upon receipt of such notice, the giving of instructions to the Securities Intermediary that such Transfer be accepted and confirmation that such Debentures or security entitlements with respect thereto have been credited to the Collateral Account, as described in such notice, the Collateral Agent shall instruct the Securities Intermediary by a notice substantially in the form of Exhibit D to release such Pledged Treasury Securities from the Pledge by Transfer to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

(b) Upon credit to the Collateral Account of Debentures or security entitlements with respect thereto delivered by the Purchase Contract Agent and receipt of the related instruction from the Collateral Agent, the Securities Intermediary shall release such Pledged Treasury Securities from the Pledge and

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shall promptly Transfer the same to the Purchase Contract Agent for distribution to such Holder, free and clear of the Pledge created hereby.

**Section 5.4 Termination Event.**

(a) Upon receipt by the Collateral Agent of written notice from the Company or the Purchase Contract Agent that a Termination Event has occurred, the Collateral Agent shall release all Collateral from the Pledge and shall promptly instruct the Securities Intermediary to Transfer:

- (i) any Pledged Debentures or Pledged Treasury Portfolio or security entitlements with respect thereto;
- (ii) any Pledged Treasury Securities or security entitlements with respect thereto; and
- (iii) any payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.5,

to the Purchase Contract Agent for the benefit of the Holders for distribution to such Holders, in accordance with their respective interests, free and clear of the Pledge created hereby.

(b) If such Termination Event shall result from the Company's becoming a debtor under the Bankruptcy Code, and if the Collateral Agent shall for any reason fail promptly to effectuate the release and Transfer of all Pledged Debentures, the Pledged Treasury Portfolio, any Pledged Treasury Securities and payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.5 and Proceeds of any of the foregoing, as the case may be, as provided by this Section 5.4, the Purchase Contract Agent shall:

(i) use its best efforts to obtain an opinion of a nationally recognized law firm to the effect that, notwithstanding the Company being the debtor in such a bankruptcy case, the Collateral Agent will not be prohibited from releasing or Transferring the Collateral as provided in this Section 5.4 and shall deliver or cause to be delivered such opinion to the Collateral Agent within ten days after the occurrence of such Termination Event, and if (A) the Purchase Contract Agent shall be unable to obtain such opinion within 10 days after the occurrence of such Termination Event or (B) the Collateral Agent shall continue, after delivery of such opinion, to refuse to effectuate the release and Transfer of all Pledged Debentures, the Pledged Treasury Portfolio, all Pledged Treasury Securities and the payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.5 and Proceeds of any of the foregoing, as the case may be, as provided in this Section 5.4, then the Purchase Contract Agent shall, upon receipt of instructions in accordance with the Purchase Contract Agreement, within 15 days after the occurrence of such Termination Event commence an action or proceeding in the court having jurisdiction of the Company's case under the Bankruptcy Code seeking an order requiring the Collateral Agent to effectuate the release and Transfer of all Pledged Debentures, the Pledged Treasury Portfolio, all Pledged Treasury Securities and the payments by Holders (or the Permitted Investments of such payments) pursuant to Section 5.5 hereof and Proceeds of any of the foregoing, or as the case may be, as provided by this Section 5.4; or

(ii) upon receipt of instructions in accordance with the Purchase Contract Agreement, commence an action or proceeding like that described in Section 5.4(b)(i) within 10 days after the occurrence of such Termination Event.

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**Section 5.5 Settlement with Cash.**

(a) Upon receipt by the Collateral Agent of (1) a notice from the Purchase Contract Agent promptly after the receipt by the Purchase Contract Agent of the certificate evidencing the Corporate Units or Treasury Units, as the case may be, at the offices of the Purchase Contract Agent with a notice from a Holder of Corporate Units (other than a Corporate Unit as to which an interest in the Treasury Portfolio has replaced an interest in a series of Debentures) or Treasury Units that such Holder has elected, in accordance with the procedures specified in Section 5.02(b)(i) of the Purchase Contract Agreement to effect a Settlement with Cash, on or prior to 11:00 a.m. (New York City time) of the second Business Day immediately preceding a Stock Purchase Date and (2) payment by such Holder by deposit in the Collateral Account prior to 11:00 a.m. (New York City time) on the Business Day immediately preceding such Stock Purchase Date of the Purchase Price in lawful money of the United States by federal same day funds or wire transfer of immediately available funds payable to or upon the order of the Securities Intermediary, then the Collateral Agent shall:

(i) instruct the Securities Intermediary promptly to invest any such cash in Permitted Investments consistent with the instructions of the Company as provided for below in this Section 5.5(a);

(ii) instruct the Securities Intermediary to release from the Pledge such Holder's related Pledged Securities of the applicable series, as to which such Holder has effected a Settlement with Cash pursuant to this Section 5.5(a); and

(iii) instruct the Securities Intermediary to Transfer all such Pledged Securities to the Purchase Contract Agent for distribution to such Holder, in each case free and clear of the Pledge created hereby.

The Company shall instruct the Collateral Agent in writing as to the Permitted Investments in which any such cash shall be invested; *provided, however*, that if the Company fails to deliver such instructions by 10:30 a.m. (New York City time) on the day such payments are received by the Collateral Agent, the Collateral Agent shall invest such payments in the Permitted Investments as described in clause (vi) of the definition of Permitted Investments. The Collateral Agent shall have no liability in respect of losses incurred as a result of the failure of the Company to provide written investment direction. The Collateral Agent may conclusively rely on any written direction and shall bear no liability for any loss or other damage based on acting or omitting to act under this Section 5.5(a) pursuant to any direction of the Company and neither the Collateral Agent nor the Securities Intermediary shall in any way be liable for the selection of Permitted Investments or by reason of any insufficiency in a Collateral Account resulting from any loss on any Permitted Investment included therein.

Upon receipt of the proceeds upon the maturity of the Permitted Investments on the applicable Stock Purchase Date, the Collateral Agent shall (A) instruct the Securities Intermediary to pay the portion of such proceeds, in immediately available funds, in an aggregate amount equal to the Purchase Price, to the Company on such Stock Purchase Date, and (B) cause the Securities Intermediary to release any amounts in excess of the Purchase Price earned from such Permitted Investments to the Purchase Contract Agent for distribution to the Purchase Contract Agent on behalf of the Holder.

(b) If a Holder of Corporate Units (i) fails to notify the Purchase Contract Agent of its intention to make a Settlement with Cash as provided in Section 5.02(b)(i) of the Purchase Contract Agreement or (ii) does notify the Purchase Contract Agent of its intention to make a Settlement with

Cash, but fails to deposit such cash as required by Section 5.02(b)(ii) of the Purchase Contract Agreement, to the extent of the amount of cash not so deposited, such Holder shall be deemed to have consented to the disposition of such Holder's Pledged Securities in accordance with Section 5.02(b)(iii) of the Purchase Contract Agreement, and in the case of such failure as provided in clause (ii) of this Section 5.5(b), also be deemed to withdraw such notice to the Purchase Contract Agent to effect the Settlement with Cash to the extent of the amount of cash not deposited as required by Section 5.02(b)(ii) of the Purchase Contract Agreement; *provided* that the cash deposited as required by Section 5.02(b)(ii) of the Purchase Contract Agreement shall be in integral multiples of \$1,000, and any amount in a fraction of such integral multiples shall be deemed not deposited as provided in clause (ii) of this Section 5.5(b) and transferred to the Purchase Contract Agent promptly.

(c) If a Holder of Treasury Units (i) fails to notify the Purchase Contract Agent of its intention to make a Settlement with Cash as provided in Section 5.02(b)(i) of the Purchase Contract Agreement or (ii) does notify the Purchase Contract Agent of its intention to make a Settlement with Cash, but fails to deposit such cash as required by Section 5.02(b)(ii) of the Purchase Contract Agreement, to the extent of the amount of cash not so deposited, such Holder shall be deemed to have consented to the application of the proceeds of the Pledged Securities in accordance with Section 5.02(b)(iv) of the Purchase Contract Agreement, and in the case of such failure as provided in clause (ii) of this Section 5.5(c), also be deemed to withdraw such notice to the Purchase Contract Agent to effect the Settlement with Cash to the extent of the amount of cash not deposited as required by Section 5.02(b)(ii) of the Purchase Contract Agreement; *provided* that the cash deposited as required by Section 5.02(b)(ii) of the Purchase Contract Agreement shall be in integral multiples of \$1,000, and any amount in a fraction of such integral multiples shall be deemed not deposited as provided in clause (ii) of this Section 5.5(b) and transferred to the Purchase Contract Agent promptly.

(d) As soon as practical after 11:00 a.m. (New York City time) on the Business Day preceding the applicable Stock Purchase Date, the Collateral Agent shall deliver to the Purchase Contract Agent a notice, substantially in the form of Exhibit E, stating (i) the amount of cash that it has received with respect to the Settlement with Cash of Corporate Units, and (ii) the amount of cash that it has received with respect to the Settlement with Cash of Treasury Units.

**Section 5.6 Early Settlement and Cash Merger Early Settlement.**

Upon receipt by the Collateral Agent of a notice from the Purchase Contract Agent that a Holder of Equity Units has elected to effect either (i) Early Settlement of its obligations under the Stock Purchase Contracts forming a part of such Equity Units in accordance with the terms of the Stock Purchase Contracts and Section 5.07 of the Purchase Contract Agreement or (ii) Cash Merger Early Settlement of its obligations under the Stock Purchase Contracts forming a part of such Equity Units in accordance with the terms of the Stock Purchase Contracts and Section 5.04(b)(ii) of the Purchase Contract Agreement (which notice shall set forth the number of such Stock Purchase Contracts as to which such Holder has elected to effect Early Settlement or Cash Merger Early Settlement), and that the Purchase Contract Agent has received from such Holder, and paid to the Company as confirmed in writing by the Company, the related Early Settlement Amount or Purchase Price for each \$25 stated amount of Stock Purchase Contracts being settled pursuant to the terms of the Stock Purchase Contracts and the Purchase Contract Agreement, then the Collateral Agent shall release from the Pledge (1) the applicable Pledged Debentures of each series in the case of a Holder of Corporate Units or (2) the applicable Pledged Treasury Securities of each series, in the case of a Holder of Treasury Units, in each case in an amount equal to the product of (x) \$25 for each \$25 stated amount of Stock Purchase Contracts being settled, and (y) the number of Stock Purchase Contracts as to which such Holder has elected to effect Early Settlement or Cash Merger

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Early Settlement, and shall instruct the Securities Intermediary to Transfer all such Pledged Debentures or Pledged Treasury Securities, as the case may be, to the Purchase Contract Agent for distribution to such Holder, in each case free and clear of the Pledge created hereby.

**Section 5.7 Application of Proceeds in Settlement of Stock Purchase Contracts.**

(a) In the event of a Successful Remarketing of a series of Debentures, the Collateral Agent shall instruct the Securities Intermediary to Transfer the Pledged Debentures of such series to the Remarketing Agent, upon confirmation of deposit by the Remarketing Agent of the Proceeds of such Successful Remarketing (less, to the extent permitted by the Remarketing Agreement, the Remarketing Agent's Fee) in the Collateral Account and the Collateral Agent shall thereupon instruct the Securities Intermediary to purchase the Treasury Portfolio with the Proceeds of the Successful Remarketing. A Holder of Corporate Units shall be deemed to have elected to pay for the shares of Common Stock to be issued under the Stock Purchase Contract underlying the Corporate Units from the Proceeds of the related Pledged Treasury Portfolio after a Successful Remarketing. Without receiving any instruction from any Holder, the Collateral Agent shall instruct the Securities Intermediary to remit the Proceeds of the related Pledged Treasury Portfolio equal to the purchase price of the shares of Common Stock to be delivered on the applicable Stock Purchase Date to the Company to satisfy in full such Holder's obligations to pay the Purchase Price to purchase shares of Common Stock under the related Stock Purchase Contracts on such Stock Purchase Date and to remit the balance of the Proceeds from the related Pledged Treasury Portfolio, if any, to the Purchase Contract Agent for distribution to such Holder.

In the event of a Failed Remarketing with respect to any series of Debentures, the Collateral Agent, for the benefit of the Company, will, at the written instruction of the Company, deliver the Pledged Debentures of such series in accordance with the Company's written instructions to satisfy in full, from any such disposition or retention, such Holders' obligations to pay the Purchase Price for the shares of Common Stock to be issued on the applicable Stock Purchase Date under the Stock Purchase Contracts underlying such Corporate Units. The Holders recognize that there may be restrictions under the U.S. Federal securities laws on the ability of the Collateral Agent to sell the Pledged Debentures and that the Pledged Debentures may need to be sold in a non-public transaction to a limited number of institutional investors or a sale may need to be delayed in order to register the sale under the Securities Act of 1933, as amended. As a result, the proceeds from any sale of the Pledged Debentures may be substantially less than the principal amount of the Debentures. If the Company retains the Pledged Debentures in satisfaction of the Obligations, the Holders and the Company agree, to the extent permitted by law, that the Pledged Debentures will be treated as sold to the Company for a purchase price equal to the principal amount thereof. The Holders agree, to the extent permitted by law, that the principal amount is not less than the value of the Pledged Debentures in the context of a Failed Remarketing. If the Pledged Debentures are sold other than to the Company, the Collateral Agent shall promptly remit the Proceeds, if any, of the Pledged Debentures of such series in excess of the aggregate Purchase Price for the shares of Common Stock to be issued on the applicable Stock Purchase Date for such series under such Stock Purchase Contracts to the Purchase Contract Agent for payment to the Holders of the Corporate Units to which such Debentures relate.

If a Holder of Corporate Units (unless the Treasury Portfolio has replaced the Debentures represented by such Corporate Units) has not elected to effect a Settlement with Cash by notifying the Purchase Contract Agent in the manner provided for in Section 5.02(b)(i) of the Purchase Contract Agreement or does not notify the Purchase Contract Agent as provided in Section 5.02(b)(i) of the Purchase Contract Agreement of its intention to effect a Settlement with Cash, but fails to deliver the appropriate amount of cash as required by Section 5.02(b)(ii) of the Purchase Contract Agreement, such Holder shall

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be deemed to have consented to the disposition of such Holder's Pledged Securities and Pledged Treasury Portfolio, if applicable, in accordance with Section 5.02(b)(iii) of the Purchase Contract Agreement and the preceding paragraph upon a Failed Remarketing.

(b) A Holder of Treasury Units (unless such Holder elects to effect a Settlement with Cash pursuant to Section 5.5) shall be deemed to have elected to pay for the shares of Common Stock to be issued under the Stock Purchase Contract on any Stock Purchase Date underlying the Treasury Units from the Proceeds of the related Pledged Treasury Securities. Without receiving any instruction from any Holder, the Collateral Agent shall instruct the Securities Intermediary to remit the Proceeds of the related Pledged Treasury Securities to the Company in settlement of such Stock Purchase Contracts on such Stock Purchase Date (in the case of a Holder of Treasury Units). In the event the Proceeds from Permitted Investments acquired with the proceeds of Qualifying Treasury Securities prior to the applicable Stock Purchase Date exceeds the aggregate Purchase Price of the Stock Purchase Contracts being settled on such Stock Purchase Date, the Collateral Agent shall instruct the Securities Intermediary to transfer such excess, when received, to the Purchase Contract Agent for distribution to Holders.

## **ARTICLE VI**

### **VOTING RIGHTS AND OTHER CONSENSUAL RIGHTS**

#### **Section 6.1** *Voting and Other Consensual Rights.*

Subject to the terms of Section 4.02 of the Purchase Contract Agreement, the Purchase Contract Agent may exercise, or refrain from exercising, any and all voting and other consensual rights pertaining to the Pledged Debentures or any part thereof for any purpose not inconsistent with the terms of this Agreement and in accordance with the terms of the Purchase Contract Agreement; *provided, however*, that the Purchase Contract Agent shall not exercise or shall not refrain from exercising such right, as the case may be, if, in the judgment of the Company, such action would impair or otherwise have a material adverse effect on the value of all or any of the Pledged Debentures; *provided, further*, that the Purchase Contract Agent shall give the Company and the Collateral Agent at least five Business Days' prior written notice of the manner in which it intends to exercise, or its reasons for refraining from exercising, any such right. Upon receipt of any notices and other communications in respect of any Pledged Debentures, including notice of any meeting at which holders of the Debentures are entitled to vote or solicitation of consents, waivers or proxies of holders of the Debentures, the Collateral Agent shall use reasonable efforts to send promptly to the Purchase Contract Agent such notice or communication, and as soon as reasonably practicable after receipt of a written request therefore from the Purchase Contract Agent, execute and deliver to the Purchase Contract Agent such proxies and other instruments in respect of such Pledged Debentures (in form and substance satisfactory to the Collateral Agent) as are prepared by the Company and delivered to the Purchase Contract Agent with respect to the Pledged Debentures.

## **ARTICLE VII**

### **RIGHTS AND REMEDIES**

#### **Section 7.1** *Rights and Remedies of the Collateral Agent.*

(a) In addition to the rights and remedies set forth herein or otherwise available at law or in equity, after an event of default (as specified in Section 7.1(b)) hereunder, the Collateral Agent shall have

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all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights and remedies are asserted) and the TRADES Regulations and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted. Without limiting the generality of the foregoing, such remedies may include, to the extent permitted by applicable law, (1) retention of the Pledged Debentures of the applicable series (or, if such Pledged Debentures shall have been sold in a Successful Remarketing, of the Pledged Treasury Portfolio) or the Pledged Treasury Securities of the applicable series or (2) sale of such Pledged Debentures, Pledged Treasury Portfolio or Pledged Treasury Securities in one or more public or private sales, in either case in full satisfaction of the Holders' obligations under the Stock Purchase Contracts and the Purchase Contract Agreement.

(b) Without limiting any rights or powers otherwise granted by this Agreement to the Collateral Agent, in the event the Collateral Agent is unable to make payments from amounts transferred or transferable to the Company on account of the principal payments of any Pledged Treasury Portfolio or Pledged Treasury Securities (including, without limitation, any Permitted Investments purchased with the proceeds of any of the foregoing) as provided in Article III, in satisfaction of the Obligations of the Holders of the Equity Units under the related Stock Purchase Contracts on any Stock Purchase Date, the inability to make such payments shall constitute an "event of default" hereunder and the Collateral Agent shall have and may exercise, with reference to such Collateral any and all of the rights and remedies available to a secured party under the UCC and the TRADES Regulations after default by a debtor, and as otherwise granted herein or under any other law.

(c) Without limiting any rights or powers otherwise granted by this Agreement to the Collateral Agent, the Collateral Agent is hereby irrevocably authorized to receive and collect all payments of (i) the principal amount of the Pledged Debentures and (ii) the principal amount of any Pledged Treasury Portfolio or Pledged Treasury Securities (including, without limitation, any Permitted Investments purchased with the proceeds of any of the foregoing), subject, in each case, to the provisions of Article III, and as otherwise granted herein.

(d) The Purchase Contract Agent, as attorney-in-fact of the Holders, and each Holder of Equity Units agrees that, from time to time, upon the written request of the Collateral Agent or the Purchase Contract Agent, such Holder and the Purchase Contract Agent, as attorney-in-fact of the Holders, shall execute and deliver such further documents and do such other acts and things as the Company may reasonably request in order to maintain the Pledge, and the perfection and priority thereof, and to confirm the rights of the Collateral Agent hereunder. The Purchase Contract Agent shall have no liability to any Holder for executing any documents or taking any such acts requested by the Collateral Agent hereunder, except for liability for its own negligent acts, its own negligent failure to act or its own willful misconduct.

**Section 7.2 Remarketing.**

As soon as practicable after 5:00 p.m. (New York City time) on the second Business Day immediately preceding the Remarketing Period Start Date, the Collateral Agent shall notify the Remarketing Agent of the aggregate principal amount of the applicable series of Pledged Debentures that is to be remarketed.

**Section 7.3 Successful Remarketing.**

In the event of a Successful Remarketing, the Collateral Agent shall, at the written direction of the Company, instruct the Securities Intermediary to (i) Transfer the applicable Pledged Debentures to the Remarketing Agent upon confirmation of deposit by the Remarketing Agent of the Proceeds of such Successful Remarketing (after deducting any Remarketing Agent's Fee in accordance with the Remarketing Agreement) in the Collateral Account and apply such Proceeds to purchase the Treasury Portfolio, (ii) Transfer the Treasury Portfolio (other than the Pledged Treasury Portfolio) to the Custodial Agent for deposit in an account separate from the Collateral Account, (iii) apply an amount from the Proceeds of the Pledged Treasury Portfolio on the applicable Stock Purchase Date equal to the aggregate Purchase Price for the shares of Common Stock to be issued under the related Stock Purchase Contracts on the applicable Stock Purchase Date in full satisfaction of such Holders' obligations to pay the Purchase Price under the related Stock Purchase Contracts, and (iv) promptly remit the remaining portion of such Proceeds to the Purchase Contract Agent for payment to the Holders of Corporate Units, in accordance with their respective interests and the Purchase Contract Agreement. In the case of the Treasury Portfolio purchased with the Proceeds of the Pledged Debentures on the First Remarketing Settlement Date, on the next Payment Date the Custodial Agent shall remit the remaining portion of the Proceeds of the portion of the Treasury Portfolio corresponding to clause (ii) of the definition of such term to the Purchase Contract Agent for payment to the Holders of Corporate Units pursuant to Section 5.02(a)(i) of the Purchase Contract Agreement, in accordance with their respective interests and the Purchase Contract Agreement. On the applicable Stock Purchase Date, the Custodial Agent shall promptly remit the remaining portion of the Proceeds of the Treasury Portfolio to the Purchase Contract Agent for payment to the Holders of Corporate Units, in accordance with their respective interests and the Purchase Contract Agreement. With respect to Separate Debentures, any Proceeds of such Remarketing (after deducting any Remarketing Agent's Fee in accordance with the Remarketing Agreement) attributable to the Separate Debentures will be remitted to the Custodial Agent for payment to the holders of Separate Debentures. In the event of a Failed Remarketing, the Pledged Debentures shall remain credited to the Collateral Account and Section 5.7 shall apply.

**Section 7.4 Remarketing of Separate Debentures.**

(a) On or prior to 5:00 p.m. (New York City time) on the second Business Day immediately preceding each Remarketing Period Start Date, but no earlier than the Payment Date immediately preceding such date, Holders of Separate Debentures of the series of Debentures that is the subject of the Remarketing may elect to have their Separate Debentures remarketed by delivering their Separate Debentures along with a notice of such election substantially in the form of Exhibit F to the Collateral Agent, acting as Custodial Agent. The Custodial Agent shall hold Separate Debentures in an account separate from the Collateral Account in which the Pledged Securities and Pledged Treasury Portfolio shall be held. Holders of Separate Debentures electing to have their Separate Debentures remarketed will also have the right to withdraw that election by written notice to the Collateral Agent, substantially in the form of Exhibit G, on or prior to 5:00 p.m. (New York City time) on the second Business Day immediately preceding the applicable Remarketing Period Start Date, upon which notice the Custodial Agent shall return such Separate Debentures to such Holder. After such time, such election shall become an irrevocable election to have such Separate Debentures remarketed in such Remarketing.

(b) Promptly after 5:00 p.m. (New York City time) on second the Business Day immediately preceding the applicable Remarketing Period Start Date, the Custodial Agent shall notify the Remarketing Agent of the aggregate principal amount of the Separate Debentures to be remarketed and deliver to the Remarketing Agent for remarketing all Separate Debentures delivered to the Custodial Agent pursuant to

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this Section 7.4(b) and not validly withdrawn prior to such date. In the event of a Successful Remarketing, after deducting the Remarketing Agent's Fee, the Remarketing Agent will remit to the Custodial Agent the remaining portion of the Proceeds of such Remarketing for payment to the Holders of the remarketed Separate Debentures, in accordance with their respective interests. In the event of a Failed Remarketing, the Remarketing Agent will promptly return such Separate Debentures to the Custodial Agent for distribution to the appropriate Holders.

**Section 7.5 Substitutions.**

Whenever a Holder has the right to substitute Treasury Securities, Debentures or security entitlements for any of them, as the case may be, for financial assets held in a Collateral Account, such substitution shall not constitute a novation of the security interest created hereby.

**ARTICLE VIII  
REPRESENTATIONS AND WARRANTIES;  
COVENANTS**

**Section 8.1 Representations and Warranties.**

Each Holder from time to time, acting through the Purchase Contract Agent as attorney-in-fact (it being understood that the Purchase Contract Agent shall not be liable for any representation or warranty made by or on behalf of a Holder), hereby represents and warrants to the Collateral Agent (with respect to such Holder's interest in the Collateral), which representations and warranties shall be deemed repeated on each day a Holder through the Purchase Contract Agent Transfers Collateral, that:

(a) such Holder has the power to grant a security interest in and lien on the Collateral;

(b) such Holder is the sole beneficial owner of the Collateral and, in the case of Collateral delivered in physical form, is the sole holder of such Collateral and is the sole beneficial owner of, or has the sole right to Transfer, the Collateral it Transfers to the Collateral Agent for credit to an Collateral Account, free and clear of any security interest, lien, encumbrance, call, liability to pay money or other restriction of any nature, and whether arising by operation of law or by consent, other than the security interest and lien granted under Article II (an "Encumbrance");

(c) upon the Transfer of the Collateral to the Collateral Agent for credit to an Collateral Account, the Collateral Agent, for the benefit of the Company, will have a valid and perfected first priority security interest therein (assuming that any central clearing operation or any securities intermediary or other entity not within the control of the Holder involved in the Transfer of the Collateral, including the Collateral Agent and the Securities Intermediary, gives the notices and takes the action required of it hereunder and under applicable law for perfection of that interest and assuming the establishment and exercise of Control pursuant to Article IV); and

(d) the execution and performance by the Holder of its obligations under this Agreement will not result in the creation of an Encumbrance or violate any provision of any existing law, rule or regulation applicable to it, or any judgment, order or decree

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applicable to it, or of any mortgage, charge, pledge, indenture, contract or undertaking to which it is a party or which is binding on it or any of its assets.

**Section 8.2 Covenants.**

The Purchase Contract Agent and each of the Holders from time to time, acting through the Purchase Contract Agent as its attorney-in-fact (it being understood that the Purchase Contract Agent shall not be liable for any covenant made by or on behalf of a Holder), hereby covenant to the Collateral Agent that for so long as the Collateral remains subject to the Pledge:

(a) neither the Purchase Contract Agent nor such Holder will create or purport to create or allow to subsist any Encumbrance over the Collateral or any part of it; and

(b) neither the Purchase Contract Agent nor such Holder will sell or otherwise dispose (or attempt to dispose) of the Collateral or any part of it except for the beneficial interest therein, subject to the Pledge hereunder, transferred in connection with the Transfer of the Equity Units.

**ARTICLE IX**

**THE COLLATERAL AGENT, THE CUSTODIAL  
AGENT AND THE SECURITIES  
INTERMEDIARY**

It is hereby agreed as follows:

**Section 9.1 Appointment, Powers and Immunities.**

The Collateral Agent, the Custodial Agent or the Securities Intermediary shall act as agent for the Company hereunder with such powers as are specifically vested in the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be, by the terms of this Agreement. The Collateral Agent, the Custodial Agent and Securities Intermediary shall:

(a) have no duties or responsibilities except those expressly set forth in this Agreement and no implied covenants, functions, responsibilities, duties, liabilities or obligations shall be inferred from this Agreement against the Collateral Agent, the Custodial Agent and the Securities Intermediary, nor shall the Collateral Agent, the Custodial Agent and the Securities Intermediary be bound by the provisions of any agreement by any party hereto beyond the specific terms hereof and none of the Collateral Agent, the Custodial Agent or the Securities Intermediary shall have any fiduciary relationship to the Holders of the Equity Units or any other Person;

(b) not be responsible for any recitals contained in this Agreement, or in any certificate or other document referred to or provided for in, or received by it under, this Agreement, the Equity Units or the Purchase Contract Agreement (other than any certificate or document it is required to deliver hereunder), or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement (other than as against the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be), the Equity Units, any Collateral or the Purchase Contract Agreement or any

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other document referred to or provided for herein or therein or for any failure by the Company or any other Person (except the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be) to perform any of its obligations hereunder or thereunder or, except to the extent of the actions it is required to take hereunder, for the validity, perfection, enforceability, priority or maintenance of any security interest created hereunder;

(c) not be required to initiate or conduct any litigation or collection proceedings hereunder (except pursuant to directions furnished under Section 9.2, subject to Section 9.8);

(d) not be responsible for any action taken or omitted to be taken by it in good faith hereunder or under any other document or instrument referred to or provided for herein or in connection herewith or therewith, except for its own gross negligence or willful misconduct; and

(e) not be required to advise any party as to selling or retaining, or taking or refraining from taking any action with respect to, any securities or other property deposited hereunder.

Subject to the foregoing, during the term of this Agreement, the Collateral Agent, the Custodial Agent and the Securities Intermediary shall take all reasonable action in connection with the safekeeping and preservation of the Collateral and use the same degree of care and skill in such exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her affairs.

The Collateral Agent, Securities Intermediary and Custodial Agent shall only be responsible for transferring money, securities or other property in accordance with the terms herein to the extent that such money, securities or other property is credited to the Collateral Account.

No provision of this Agreement shall require the Collateral Agent, Custodial Agent or the Securities Intermediary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. In no event shall the Collateral Agent, Custodial Agent or the Securities Intermediary be liable for any amount in excess of the Value of the Collateral.

**Section 9.2 Instructions of the Company.**

The Company shall have the right, by one or more written instruments executed and delivered to the Collateral Agent, to direct the time, method and place of conducting any proceeding for the realization of any right or remedy available to the Collateral Agent, or of exercising any power conferred on the Collateral Agent, or to direct the taking or refraining from taking of any action authorized by this Agreement; *provided, however*, that (i) such direction shall not conflict with the provisions of any law or of this Agreement and (ii) the Collateral Agent shall be indemnified to its satisfaction as provided herein. Nothing contained in this Section 9.2 shall impair the right of the Collateral Agent in its discretion to take any action which it deems proper and which is not inconsistent with such direction. None of the Collateral Agent, the Custodial Agent or the Securities Intermediary has any obligation or responsibility to file any UCC financing or continuation statements or to take any other actions to create, preserve or maintain the security interest in the Collateral except as expressly set forth herein.

**Section 9.3** *Reliance by Collateral Agent, Custodial Agent and Securities Intermediary.*

Each of the Collateral Agent, the Custodial Agent and the Securities Intermediary shall be entitled, in the absence of bad faith, to rely conclusively upon any certification, order, judgment, opinion, notice or other written communication (including, without limitation, any thereof by e-mail or similar electronic means, telecopy, telex or facsimile) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons (without being required to determine the correctness of any fact stated therein) and consult with and conclusively rely upon advice, opinions and statements of legal counsel and other experts selected by the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be. As to any matters not expressly provided for by this Agreement, the Collateral Agent, the Custodial Agent and the Securities Intermediary shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions given by the Company in accordance with this Agreement. In the event any instructions are given (other than in writing at the time of the execution of this Agreement), whether in writing, by telecopier or otherwise, the Collateral Agent, the Custodial Agent and the Securities Intermediary are authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on Schedule I, and the Collateral Agent, the Custodial Agent and the Securities Intermediary may rely upon the confirmations of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by the Collateral Agent, the Custodial Agent and the Securities Intermediary.

It is understood that the Collateral Agent, the Custodial Agent and the Securities Intermediary in any funds transfer may rely solely upon any account numbers or similar identifying number provided by the Company to identify (i) the beneficiary, (ii) the beneficiary's bank or (iii) an intermediary bank. The Collateral Agent, the Custodial Agent and the Securities Intermediary may apply any of the deposited funds for any payment order it executes using any such identifying number, even where its use may result in a Person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank, or an intermediary bank, designated by the Company; *provided, however*, that payment is made to the account as specified by the Company.

In each case that the Collateral Agent, Custodial Agent or Securities Intermediary may or is required hereunder to take any action, including without limitation to make any determination or judgment, to give consents, to exercise rights, powers or remedies, to release or sell Collateral or otherwise to act hereunder, the Collateral Agent, Custodial Agent or Securities Intermediary may seek direction from the Company. The Collateral Agent, Custodial Agent or Securities Intermediary shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with an Issuer Order. Unless direction is otherwise expressly provided herein, if the Collateral Agent, Custodial Agent or Securities Intermediary shall request direction from the Company with respect to any action, the Collateral Agent, Custodial Agent or the Securities Intermediary shall be entitled to refrain from such action unless and until such agent shall have received written direction from the Company, and the agent shall not incur liability to any Person by reason of so refraining.

**Section 9.4** *Certain Rights.*

(a) Whenever in the administration of the provisions of this Agreement the Collateral Agent, the Custodial Agent or the Securities Intermediary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Collateral Agent, the Custodial Agent or the Securities

Intermediary, be deemed to be conclusively proved and established by an Issuer Order, and delivered to the Collateral Agent, the Custodial Agent or the Securities Intermediary and such Issuer Order, in the absence of gross negligence or bad faith on the part of the Collateral Agent, the Custodial Agent or the Securities Intermediary, shall be full warrant to the Collateral Agent, the Custodial Agent or the Securities Intermediary for any action taken, suffered or omitted by it under the provisions of this Agreement.

(b) The Collateral Agent, the Custodial Agent or the Securities Intermediary shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document, but may make such further investigation as it may deem necessary, desirable or appropriate.

**Section 9.5 Merger, Conversion, Consolidation or Succession to Business.**

Any Person into which the Collateral Agent, the Custodial Agent or the Securities Intermediary may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Collateral Agent, the Custodial Agent or the Securities Intermediary shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of the Collateral Agent, the Custodial Agent or the Securities Intermediary shall be the successor of the Collateral Agent, the Custodial Agent or the Securities Intermediary hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession.

**Section 9.6 Rights in Other Capacities.**

The Collateral Agent, the Custodial Agent and the Securities Intermediary and their affiliates may (without having to account therefore to the Company) accept deposits from, lend money to, make their investments in and generally engage in any kind of banking, trust or other business with the Purchase Contract Agent, any other Person interested herein and any Holder of Equity Units (and any of their respective subsidiaries or affiliates) as if it were not acting as the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be, and the Collateral Agent, the Custodial Agent, the Securities Intermediary and their affiliates may accept fees and other consideration from the Purchase Contract Agent and any Holder of Equity Units without having to account for the same to the Company; *provided* that each of the Securities Intermediary, the Custodial Agent and the Collateral Agent covenants and agrees with the Company that it shall not accept, receive or permit there to be created in favor of itself and shall take no affirmative action to permit there to be created in favor of any other Person, any Encumbrance in or upon the Collateral.

**Section 9.7 Non-reliance on Collateral Agent, the Custodial Agent and Securities Intermediary.**

None of the Securities Intermediary, the Custodial Agent or the Collateral Agent shall be required to keep itself informed as to the performance or observance by the Purchase Contract Agent or any Holder of Equity Units of this Agreement, the Purchase Contract Agreement, the Equity Units or any other document referred to or provided for herein or therein or to inspect the properties or books of the Purchase Contract Agent or any Holder of Equity Units. None of the Collateral Agent, the Custodial Agent or the Securities Intermediary shall have any duty or responsibility to provide the Company with any credit or other information concerning the affairs, financial condition or business of the Purchase Contract Agent or any Holder of Equity Units (or any of their respective affiliates) that may come into the

possession of the Collateral Agent, the Custodial Agent or the Securities Intermediary or any of their respective affiliates.

**Section 9.8 Compensation and Indemnity.**

The Company agrees to:

(a) pay the Collateral Agent, the Custodial Agent and the Securities Intermediary from time to time such compensation as shall be agreed in writing between the Company and the Collateral Agent, the Custodial Agent or the Securities Intermediary, as the case may be, for all services rendered by them hereunder;

(b) indemnify and hold harmless the Collateral Agent, the Custodial Agent, the Securities Intermediary and each of their respective directors, officers, agents and employees (collectively, the “*Indemnitees*”), from and against any and all claims, actions, suits, liabilities, losses, damages, fines, penalties and expenses (including reasonable fees and expenses of counsel) and taxes (other than those based upon, determined by or measured by the income of the Collateral Agent, the Custodial Agent and Securities Intermediary) of any kind and nature, whatsoever (collectively, “*Losses*” and individually, a “*Loss*”) that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instructions or other directions upon which either the Collateral Agent, the Custodial Agent or the Securities Intermediary is entitled to rely pursuant to the terms of this Agreement, *provided* that the Collateral Agent, the Custodial Agent or the Securities Intermediary has not acted with gross negligence or engaged in willful misconduct with respect to the specific Loss against which indemnification is sought; and

(c) in addition to and not in limitation of paragraph (b) immediately above, indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by or asserted against, the Indemnitees or any of them in connection with or arising out of the Collateral Agent’s, the Custodial Agent’s or the Securities Intermediary’s acceptance or performance of its powers and duties under this Agreement; *provided* that the Collateral Agent, the Custodial Agent or the Securities Intermediary has not acted with gross negligence or engaged in willful misconduct with respect to the specific Loss against which indemnification is sought.

The provisions of this Section and Section 11.7 shall survive the resignation or removal of the Collateral Agent, Custodial Agent or Securities Intermediary and the termination of this Agreement.

**Section 9.9 Failure to Act.**

In the event of any ambiguity in the provisions of this Agreement or any dispute between or conflicting claims by or among the parties hereto or any other Person with respect to any funds or property deposited hereunder, then at its sole option, each of the Collateral Agent, the Custodial Agent and the Securities Intermediary shall be entitled, after prompt notice to the Company and the Purchase Contract Agent, to refuse to comply with any and all claims, demands or instructions with respect to such property or funds so long as such dispute or conflict shall continue, and the Collateral Agent, the Custodial Agent and the Securities Intermediary shall not be or become liable in any way to any of the parties hereto for its failure or refusal to comply with such conflicting claims, demands or instructions.

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The Collateral Agent, the Custodial Agent and the Securities Intermediary shall be entitled to refuse to act until either:

- (a) such conflicting or adverse claims or demands shall have been finally determined by a court of competent jurisdiction or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Collateral Agent, the Custodial Agent or the Securities Intermediary; or
- (b) the Collateral Agent, the Custodial Agent or the Securities Intermediary shall have received security or an indemnity satisfactory to it sufficient to save it harmless from and against any and all loss, liability or reasonable out-of-pocket expense which it may incur by reason of its acting.

Notwithstanding anything contained herein to the contrary, none of the Collateral Agent, the Custodial Agent or the Securities Intermediary shall be required to take any action that is contrary to law or to the terms of this Agreement, or which would in its opinion subject it or any of its officers, employees or directors to any unindemnified liability.

**Section 9.10** *Resignation of Collateral Agent, the Custodial Agent and Securities Intermediary.*

Subject to the appointment and acceptance of a successor Collateral Agent, Custodial Agent or Securities Intermediary as provided below:

- (a) the Collateral Agent, the Custodial Agent or the Securities Intermediary may resign at any time by giving not less than 90 days' notice thereof to the Company and the Purchase Contract Agent as attorney-in-fact for the Holders of Equity Units;
- (b) the Collateral Agent, the Custodial Agent or the Securities Intermediary may be removed at any time by the Company; and
- (c) the Collateral Agent, the Custodial Agent or the Securities Intermediary fails to perform any of its material obligations hereunder in any material respect for a period of not less than 20 days after receiving written notice of such failure by the Purchase Contract Agent, and such failure shall be continuing, the Collateral Agent, the Custodial Agent and the Securities Intermediary may be removed by the Purchase Contract Agent, acting at the direction of the Holders of a majority in Stated Amount of the Equity Units.

The Purchase Contract Agent shall promptly notify the Company of any removal of the Collateral Agent, the Custodial Agent or the Securities Intermediary pursuant to clause (c) of this Section 9.10. Upon any such resignation or removal, the Company shall have the right to appoint a successor Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be. If no successor Collateral Agent, Custodial Agent or Securities Intermediary shall have been so appointed and shall have accepted such appointment within 90 days after the retiring Collateral Agent's, Custodial Agent's or Securities Intermediary's giving of notice of resignation or within 30 days of the Company's or the Purchase Contract Agent's giving notice of such removal, then the retiring or removed Collateral Agent, Custodial Agent or Securities Intermediary may petition any court of competent jurisdiction, at the expense of the Company, for the appointment of a successor Collateral Agent, Custodial Agent or Securities Intermediary. The Collateral Agent, the Custodial Agent and the Securities Intermediary shall each be a

bank, trust company or national banking association with a combined capital and surplus of at least \$50,000,000. Upon the acceptance of any appointment as Collateral Agent, Custodial Agent or Securities Intermediary hereunder by a successor Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, such successor Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, and the retiring Collateral Agent, Custodial Agent or Securities Intermediary, as the case may be, shall take all appropriate action, subject to payment of any amounts then due and payable to it hereunder, to transfer any money and property held by it hereunder (including the Collateral) to such successor. The retiring Collateral Agent, Custodial Agent or Securities Intermediary shall, upon such succession, be discharged from its duties and obligations as Collateral Agent, Custodial Agent or Securities Intermediary hereunder. After any retiring Collateral Agent's, Custodial Agent's or Securities Intermediary's resignation hereunder as Collateral Agent, Custodial Agent or Securities Intermediary, the provisions of this Article IX shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Collateral Agent, Custodial Agent or Securities Intermediary. Any resignation or removal of the Collateral Agent, Custodial Agent or Securities Intermediary hereunder, at a time when such Person is acting as the Collateral Agent, Custodial Agent or Securities Intermediary, shall be deemed for all purposes of this Agreement as the simultaneous resignation or removal of the Collateral Agent, Securities Intermediary or Custodial Agent, as the case may be.

**Section 9.11** *Right to Appoint Agent or Advisor.*

The Collateral Agent, Custodial Agent and Securities Intermediary each shall have the right to appoint agents or advisors in connection with any of their respective duties hereunder, and the Collateral Agent, Custodial Agent and Securities Intermediary shall not be liable for any action taken or omitted by, or in reliance upon the advice of, such agents or advisors selected in good faith. The appointment of agents pursuant to Section 9.11 shall be subject to prior written consent of the Company, which consent shall not be unreasonably withheld.

**Section 9.12** *Survival.*

The provisions of this Article IX shall survive termination of this Agreement and the resignation or removal of the Collateral Agent, the Custodial Agent or the Securities Intermediary.

**Section 9.13** *Exculpation.*

Anything contained in this Agreement to the contrary notwithstanding, in no event shall the Collateral Agent, the Custodial Agent or the Securities Intermediary or their officers, directors, employees or agents be liable under this Agreement to any third party for indirect, special, punitive, or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, whether or not the likelihood of such loss or damage was known to the Collateral Agent, the Custodial Agent or the Securities Intermediary, or any of them incurred without any act or deed that is found to be attributable to gross negligence or willful misconduct on the part of the Collateral Agent, the Custodial Agent or the Securities Intermediary.

**ARTICLE X**  
**AMENDMENT**

**Section 10.1** *Amendment without Consent of Holders.*

Without the consent of any Holders, the Company, when duly authorized by a Board Resolution, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Purchase Contract Agent, at any time and from time to time, may amend this Agreement, in form satisfactory to the Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Purchase Contract Agent, to:

- (a) evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company;
- (b) evidence and provide for the acceptance of appointment hereunder by a successor Collateral Agent, Custodial Agent, Securities Intermediary or Purchase Contract Agent;
- (c) add to the covenants of the Company for the benefit of the Holders, or surrender any right or power herein conferred upon the Company, *provided* that such covenants or such surrender do not adversely affect the validity, perfection or priority of the Pledge created hereunder;
- (d) cure any ambiguity (or formal defect) or correct or supplement any provisions herein which may be inconsistent with another such provisions herein; or
- (e) conform this Agreement to any amendment or supplement to, or waiver with respect to, the Purchase Contract Agreement, it being understood that any such amendment, supplement or waiver will not require approval under this Agreement;
- (f) make any other provisions with respect to such matters or questions arising under this Agreement, *provided* that such action shall not adversely affect the interests of the Holders in any material respect.

**Section 10.2** *Amendment with Consent of Holders.*

With the consent of the Holders of not less than a majority in Stated Amount of the Equity Units at the time Outstanding, including without limitation the consent of the Holders obtained in connection with a tender or an exchange offer, by Act of such Holders delivered to the Company, the Purchase Contract Agent, the Custodial Agent, the Securities Intermediary and the Collateral Agent, as the case may be, the Company, when duly authorized by a Board Resolution, the Purchase Contract Agent, the Collateral Agent, the Securities Intermediary and the Collateral Agent may amend this Agreement for the purpose of modifying in any manner the provisions of this Agreement or the rights of the Holders in respect of the Equity Units; *provided, however*, that no such supplemental agreement shall, without the unanimous consent of the Holders of each Outstanding Equity Units:

- (a) change the amount or type of Collateral underlying the Equity Units (except for the rights of Holders of Corporate Units to substitute the Treasury Securities for the Pledged Debentures or the rights of Holders of Treasury Units to substitute Debentures, as applicable, for the Pledged Treasury Securities or the pledging of the

Pledged Treasury Portfolio as Collateral), impair the right of the Holder of any Equity Units to receive distributions on the underlying Collateral or otherwise materially and adversely affect the Holder's rights in or to such Collateral;

(b) reduce the percentage of Equity Units the consent of whose Holders is required for the modification or amendment of the provisions of this Agreement;

*provided* that if any amendment or proposal referred to above would adversely affect only the Corporate Units or only the Treasury Units, then only the affected class of Holders as of the record date for the Holders entitled to vote thereon will be entitled to vote on such amendment or proposal, and such amendment or proposal shall not be effective except with the consent of Holders of not less than a majority in the Stated Amount of such class; *provided, further*, that the unanimous consent of the Holders of each Outstanding Equity Unit of such class affected thereby shall be required to approve any amendment or proposal specified in clauses (a) through (b) above.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such Act shall approve the substance thereof. Section 1.04 of the Purchase Contract Agreement shall apply to any Act of the Holders under this Agreement.

**Section 10.3 Execution of Amendments.**

In executing any amendment permitted by this Article, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Purchase Contract Agent shall be entitled to receive and (subject to Section 7.01 of the Purchase Contract Agreement with respect to the Purchase Contract Agent) shall be fully authorized and protected in relying upon an Officers' Certificate stating that the execution of such amendment is authorized or permitted by this Agreement and that all conditions precedent, if any, to the execution and delivery of such amendment have been satisfied. The Collateral Agent, Custodial Agent, Securities Intermediary and Purchase Contract Agent may, but shall not be obligated to, enter into any such amendment which affects their own respective rights, duties or immunities under this Agreement or otherwise. Except as provided by the prior sentence, the Collateral Agent, Custodial Agent and Securities Intermediary shall enter into all other supplemental agreements.

**Section 10.4 Effect of Amendments.**

Upon the execution of any amendment under this Article, this Agreement shall be modified in accordance therewith, and such amendment shall form a part of this Agreement for all purposes; and every Holder of Certificates theretofore or thereafter authenticated, executed on behalf of the Holders and delivered under the Purchase Contract Agreement shall be bound thereby.

**Section 10.5 Reference of Amendments.**

Certificates authenticated, executed on behalf of the Holders and delivered after the execution of any amendment pursuant to this Section may, and shall, if required by the Collateral Agent or the Purchase Contract Agent, bear a notation as to any matter provided for in such amendment. If the Company shall so determine, new Certificates so modified as to conform, to any such amendment may be prepared and executed by the Company and authenticated, executed on behalf of the Holders and delivered by the Purchase Contract Agent in accordance with the Purchase Contract Agreement in exchange for Certificates representing Outstanding Equity Units.



**ARTICLE XI**  
**MISCELLANEOUS**

**Section 11.1** *No Waiver.*

No failure on the part of the Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary or any of their respective agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary or any of their respective agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

**Section 11.2** *Governing Law; Submission to Jurisdiction.*

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. The Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Holders from time to time of the Equity Units, acting through the Purchase Contract Agent as their attorney-in-fact, hereby submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in New York City for the purposes of all actions, suits or proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Holders from time to time of the Equity Units, acting through the Purchase Contract Agent as their attorney-in-fact, irrevocably waive, to the fullest extent permitted by applicable law, any objection that they may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

**Section 11.3** *Notices.*

All notices, requests, consents and other communications provided for herein (including, without limitation, any modifications of, or waivers or consents under, this Agreement) shall be given or made in writing delivered to the intended recipient at the "Address For Notices" specified below its name on the signature pages hereof or, as to any party, at such other address as shall be designated by such party in a notice to the other parties. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid. All notices by mail shall be delivered by first class mail, for which a return receipt is requested.

**Section 11.4** *Successors and Assigns.*

This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Company, the Collateral Agent, the Custodial Agent, the Securities Intermediary and the Purchase Contract Agent, and the Holders from time to time of the Equity Units, by their acceptance of the same, shall be deemed to have agreed to be bound by the provisions hereof and to have ratified the agreements of, and the grant of the Pledge hereunder by, the Purchase Contract Agent.

PLEDGE AGREEMENT

**Section 11.5 Counterparts.**

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

**Section 11.6 Severability.**

If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

**Section 11.7 Expenses, Etc.**

The Company agrees to reimburse the Collateral Agent, the Custodial Agent and the Securities Intermediary for:

(a) all reasonable costs and expenses of the Collateral Agent, the Custodial Agent and the Securities Intermediary (including, without limitation, the reasonable fees and expenses of counsel to the Collateral Agent, the Custodial Agent and the Securities Intermediary), in connection with (i) the negotiation, preparation, execution and delivery or performance of this Agreement and (ii) any modification, supplement or waiver of any of the terms of this Agreement;

(b) all reasonable costs and expenses of the Collateral Agent, the Custodial Agent and the Securities Intermediary (including, without limitation, reasonable fees and expenses of counsel) in connection with (i) any enforcement or proceedings resulting or incurred in connection with causing any Holder of Equity Units to satisfy its obligations under the Stock Purchase Contracts forming a part of the Equity Units and (ii) the enforcement of this Section 11.7;

(c) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any other document referred to herein and all costs, expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest contemplated hereby;

(d) all reasonable fees and expenses of any agent or advisor appointed by the Collateral Agent and consented to by the Company under Section 9.11; and

(e) any other out-of-pocket costs and expenses reasonably incurred by the Collateral Agent, the Custodial Agent and the Securities Intermediary in connection with the performance of their duties and the exercise of their powers hereunder.

**Section 11.8** *Security Interest Absolute.*

All rights of the Collateral Agent and security interests hereunder, and all obligations of the Holders from time to time hereunder, shall, to the fullest extent permitted by law, be absolute and unconditional irrespective of:

(a) any lack of validity or enforceability of any provision of the Stock Purchase Contracts or the Equity Units or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or any other term of, or any increase in the amount of, all or any of the obligations of Holders of the Equity Units under the related Stock Purchase Contracts, or any other amendment or waiver of any term of, or any consent to any departure from any requirement of, the Purchase Contract Agreement or any Stock Purchase Contract or any other agreement or instrument relating thereto; or

(c) any other circumstance which might otherwise constitute a defense available to, or discharge of, a borrower, a guarantor or a pledgor.

**Section 11.9** *Notice of Termination Event.*

Upon the occurrence of a Termination Event, the Company shall deliver written notice of such Termination Event to the Purchase Contract Agent, the Collateral Agent, the Custodial Agent and the Securities Intermediary.

**Section 11.10** *Rights of the Purchase Contract Agent.*

In connection with its execution and performance hereunder the Purchase Contract Agent is entitled to all rights, privileges, protections, immunities, benefits and indemnities provided to it under the Purchase Contract Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

PLEDGE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Robert A. Gender  
Name: Robert A. Gender  
Title: Vice President and Treasurer

Address for Notices:

American International Group, Inc.  
70 Pine Street,  
New York, NY 10270  
Attention: \_\_\_\_\_

Wilmington Trust Company, as Collateral  
Agent, Custodial Agent and Securities Intermediary

By: /s/ David A. Vanasky, Jr.  
Name: David A. Vanasky, Jr.  
Title: Vice President

Address for Notices

Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-1600  
Telephone: (302) 636-6000  
Attention: Corporate Trust Administration

The Bank of New York, as Purchase Contract Agent and as  
attorney-in- fact of the Holders from time to time of the  
Equity Units

By: /s/ Sherma Thomas  
Name: Sherma Thomas  
Title: Assistant Treasurer

Address for Notices:

The Bank of New York  
101 Barclay Street - 8W  
New York, NY 10286  
Telephone: (212) 815-5283  
Attention: Corporate Finance Group

PLEDGE AGREEMENT

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INSTRUCTION  
FROM PURCHASE CONTRACT AGENT  
TO COLLATERAL AGENT  
(Creation of Treasury Units)

Wilmington Trust Company,  
as Collateral Agent  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-1600  
Telephone: (302) 636-6000/(302) 636-6019  
Attention: Corporate Trust Administration/David Vanaskey

Re: \_\_\_\_\_ Corporate Units of American International Group, Inc. (the "Company")

The securities account of Wilmington Trust Company, as Collateral Agent, maintained by the Securities Intermediary and designated "Wilmington Trust Company, as Collateral Agent of American International Group, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders" (the "Collateral Account")

Please refer to the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), among the Company, you, as Collateral Agent, Custodial Agent and Securities Intermediary and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units from time to time. Capitalized terms used herein but not defined shall have the meanings set forth in the Pledge Agreement.

We hereby notify you in accordance with Section 5.2 of the Pledge Agreement that the holder of securities named below (the "Holder") has elected to substitute:

1. \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820GC5) maturing on February 15, 2011 or security entitlements with respect thereto;
2. \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NA1) maturing on April 30, 2011 or security entitlements with respect thereto; and
3. \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NK9) maturing on July 31, 2011 or security entitlements with respect thereto;

in exchange for equal principal amounts of applicable Pledged Debentures or security entitlements with respect thereto, relating to \_\_\_\_\_ Corporate Units and has delivered to the undersigned a notice stating that the Holder has Transferred such Qualifying Treasury Securities or security entitlements with respect thereto to the Securities Intermediary, for credit to the Collateral Account.

We hereby request that you instruct the Securities Intermediary, upon confirmation that such Qualifying Treasury Securities or security entitlements thereto have been credited to the Collateral Account, to release to the undersigned, on behalf of the Holder for distribution to such Holder:

1. an equal \$\_\_\_\_\_ aggregate principal amount of Pledged Series B-1 Debentures;
2. an equal \$\_\_\_\_\_ aggregate principal amount of Pledged Series B-2 Debentures; and
3. an equal \$\_\_\_\_\_ aggregate principal amount of Pledged Series B-3 Debentures;

in accordance with Section 5.2 of the Pledge Agreement.

Date:

The Bank of New York, as  
Purchase Contract Agent and as attorney-in-fact of the Holders  
from time to time of the Units

By: \_\_\_\_\_

Name:

Title:

Please print name and address of Holder electing to substitute Qualifying Treasury Securities or security entitlements with respect thereto for the Pledged Debentures:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Social Security or other Taxpayer Identification Number, if any:

\_\_\_\_\_  
Address:

\_\_\_\_\_

\_\_\_\_\_

INSTRUCTION  
FROM COLLATERAL AGENT  
TO SECURITIES INTERMEDIARY  
(Creation of Treasury Units)

Wilmington Trust Company,  
as Securities Intermediary  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-1600  
Telephone: (302) 636-6000/(302) 636-6019  
Attention: Corporate Trust Administration/David Vanaskey

Re: \_\_\_\_\_ Corporate Units of American International Group, Inc. (the "Company")

The securities account of Wilmington Trust Company, as Collateral Agent, maintained by the Securities Intermediary and designated "Wilmington Trust Company, as Collateral Agent of American International Group, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders" (the "Collateral Account")

Please refer to the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), among the Company, you, as Collateral Agent, as Securities Intermediary and as Custodial Agent and The Bank of New York, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units and Treasury Units from time to time. Capitalized terms used herein but not defined shall have the meanings set forth in the Pledge Agreement.

When you have confirmed that:

1. \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820GC5) maturing on February 15, 2011 or security entitlements with respect thereto;
2. \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NA1) maturing on April 30, 2011 or security entitlements with respect thereto; and
3. \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NK9) maturing on July 31, 2011 or security entitlements with respect thereto;

has been credited to the Collateral Account by or for the benefit of \_\_\_\_\_, as Holder of Corporate Units (the "Holder"), and you are hereby instructed to release from the Collateral Account:

1. an equal \$ \_\_\_\_\_ aggregate principal amount of Pledged Series B-1 Debentures;
2. an equal \$ \_\_\_\_\_ aggregate principal amount of Pledged Series B-2 Debentures; and

3. an equal \$\_\_\_\_\_ aggregate principal amount of Pledged Series B-3 Debentures;  
or security entitlements with respect thereto, relating to \_\_\_\_\_ Corporate Units of the Holder by Transfer to the Purchase Contract Agent on behalf of  
the Holder for distribution to such Holder.

Dated: \_\_\_\_\_

Wilmington Trust Company,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

Please print name and address of Holder:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Social Security or other Taxpayer  
Identification Number, if any:

\_\_\_\_\_  
Address:

\_\_\_\_\_

\_\_\_\_\_



INSTRUCTION  
FROM PURCHASE CONTRACT AGENT  
TO COLLATERAL AGENT  
(Recreation of Corporate Units)

Wilmington Trust Company,  
as Collateral Agent  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-1600  
Telephone: (302) 636-6000/(302) 636-6019  
Attention: Corporate Trust Administration/David Vanaskey

Re: \_\_\_\_\_ Treasury Units of American International Group, Inc. (the "Company")

The securities account of Wilmington Trust Company, as Collateral Agent, maintained by the Securities Intermediary and designated "Wilmington Trust Company, as Collateral Agent of American International Group, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders" (the "Collateral Account")

Please refer to the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), among the Company, you, as Collateral Agent, as Securities Intermediary, as Custodial Agent and the undersigned, as Purchase Contract Agent and as attorney-in-fact for the holders of Treasury Units from time to time. Capitalized terms used herein but not defined shall have the meanings set forth in the Pledge Agreement.

We hereby notify you in accordance with Section 5.3 of the Pledge Agreement that the holder of securities named below (the "Holder") has elected to substitute:

1. \$ \_\_\_\_\_ aggregate principal amount of Pledged Series B-1 Debentures;
2. \$ \_\_\_\_\_ aggregate principal amount of Pledged Series B-2 Debentures; and
3. \$ \_\_\_\_\_ aggregate principal amount of Pledged Series B-3 Debentures;

or security entitlements with respect thereto, relating to \_\_\_\_\_ Corporate Units of the Holder, in exchange for equal principal amounts at maturity of the applicable Pledged Treasury Securities relating to \_\_\_\_\_ Treasury Units and has delivered to the undersigned a notice stating that the Holder has Transferred such Debentures or security entitlements with respect thereto to the Securities Intermediary, for credit to the Collateral Account.

We hereby request that you instruct the Securities Intermediary, upon confirmation that such Debentures or security entitlements with respect thereto have been credited to the Collateral Account, to release to the undersigned:

1. an equal \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820GC5) maturing on February 15, 2011 or security entitlements with respect thereto;

2. an equal \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NA1) maturing on April 30, 2011 or security entitlements with respect thereto; and
3. an equal \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NK9) maturing on July 31, 2011 or security entitlements with respect thereto;

related to \_\_\_\_\_ Treasury Units of such Holder in accordance with Section 5.3 of the Pledge Agreement.

Dated: \_\_\_\_\_

The Bank of New York,  
as Purchase Contract Agent

By: \_\_\_\_\_

Name:  
Title:

Please print name and address of Holder electing to substitute Debentures or security entitlements with respect thereto for Pledged Treasury Securities:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Social Security or other Taxpayer  
Identification Number, if any:

\_\_\_\_\_  
Address:

\_\_\_\_\_

\_\_\_\_\_

INSTRUCTION  
FROM COLLATERAL AGENT  
TO SECURITIES INTERMEDIARY  
(Recreation of Corporate Units)

Wilmington Trust Company,  
as Securities Intermediary  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-1600  
Telephone: (302) 636-6000/(302) 636-6019  
Attention: Corporate Trust Administration/David Vanaskey

Re: \_\_\_\_\_ Treasury Units of American International Group, Inc. (the "*Company*")

The securities account of Wilmington Trust Company, as Collateral Agent, maintained by the Securities Intermediary and designated "Wilmington Trust Company, as Collateral Agent of American International Group, Inc., as pledgee of The Bank of New York, as the Purchase Contract Agent on behalf of and as attorney-in-fact for the Holders" (the "*Collateral Account*")

Please refer to the Pledge Agreement, dated as of May 16, 2008 (the "*Pledge Agreement*"), among the Company, you, as Securities Intermediary, Custodial Agent and Collateral Agent, and The Bank of New York, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units from time to time. Capitalized terms used herein but not defined shall have the meanings set forth in the Pledge Agreement.

When you have confirmed that:

1. \$\_\_\_\_\_ aggregate principal amount of Pledged Series B-1 Debentures;
2. \$\_\_\_\_\_ aggregate principal amount of Pledged Series B-2 Debentures; and
3. \$\_\_\_\_\_ aggregate principal amount of Pledged Series B-3 Debentures;

or security entitlements with respect thereto, relating to \_\_\_\_\_ Corporate Units, have been credited to the Collateral Account by or for the benefit of \_\_\_\_\_, as Holder of Treasury Units (the "*Holder*"), and you are hereby instructed to release from the Collateral Account:

1. an equal \$\_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820GC5) maturing on February 15, 2011 or security entitlements with respect thereto;
2. an equal \$\_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NA1) maturing on April 30, 2011 or security entitlements with respect thereto; and

3. an equal \$ \_\_\_\_\_ aggregate principle amount at maturity of zero-coupon U.S. Treasury securities (CUSIP No. 912820NK9) maturing on July 31, 2011 or security entitlements with respect thereto;

by Transfer to the Purchase Contract Agent, on behalf of such Holder for distribution to such Holder.

Wilmington Trust Company,  
as Collateral Agent

By: \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_

Please print name and address of Holder:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Social Security or other Taxpayer  
Identification Number, if any:

\_\_\_\_\_  
Address:

\_\_\_\_\_

\_\_\_\_\_

NOTICE OF SETTLEMENT WITH CASH FROM COLLATERAL  
AGENT TO PURCHASE CONTRACT AGENT  
(Settlement with Cash Amounts)

The Bank of New York,  
as Purchase Contract Agent  
101 Barclay Street, 8W  
New York, NY 10286  
Telephone No.: 212-815-5283  
Attention: Corporate Finance Group

Re: \_\_\_\_\_ Equity Units of American International Group, Inc. (the "Company") \_\_\_\_\_ Treasury Units of the Company

Please refer to the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), by and among you, the Company, and the undersigned, as Collateral Agent, Custodial Agent and Securities Intermediary. Capitalized terms used herein but not defined shall have the meanings set forth in the Pledge Agreement.

In accordance with Section 5.5(d) of the Pledge Agreement, we hereby notify you that as of 11:00 a.m. (New York City time) on the Business Day immediately preceding the applicable Stock Purchase Date, we have received (i) \$ \_\_\_\_\_ in immediately available funds paid in an aggregate amount equal to the Purchase Price due to the Company on the Stock Purchase Date with respect to \_\_\_\_\_ Corporate Units, and (ii) \$ \_\_\_\_\_ in immediately available funds paid in an aggregate amount equal to the Purchase Price due to the Company on such Stock Purchase Date with respect to \_\_\_\_\_ Treasury Units.

Wilmington Trust Company,  
as Collateral Agent

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

## INSTRUCTION TO CUSTODIAL AGENT REGARDING REMARKETING

Wilmington Trust Company,  
as Collateral Agent, acting as Custodial Agent,  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-1600  
Telephone: (302) 636-6000/(302) 636-6019  
Attention: Corporate Trust Administration/David Vanaskey

Re: [5.67% Series B-1 Junior Subordinated Debentures]  
[5.82% Series B-2 Junior Subordinated Debentures]  
[5.89% Series B-3 Junior Subordinated Debentures]  
(the "Debentures") of American International Group, Inc. (the "Company")

The undersigned hereby notifies you in accordance with Section 7.4 of the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), among the Company, you, as Collateral Agent, Custodial Agent and Securities Intermediary and The Bank of New York, as the Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units from time to time, that the undersigned elects to deliver \$ \_\_\_\_\_ aggregate principal amount of Debentures for remarketing pursuant to Section 7.4 of the Pledge Agreement. The undersigned will, upon request of the Remarketing Agent, execute and deliver any additional documents deemed by the Remarketing Agent or by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Debentures tendered hereby. Capitalized terms used herein but not defined shall have the meaning, set forth in the Pledge Agreement.

The undersigned hereby instructs you to deliver such Debentures to or upon the order of the Remarketing Agent against payment of the Proceeds of such remarketing from the Remarketing Agent, and to deliver such Proceeds to the undersigned in accordance with the instructions indicated herein under "A. Payment Instructions." The undersigned hereby instructs you, in the event of a Failed Remarketing, to deliver such Separate Debentures to the person(s) and the address(es) indicated herein under "B. Delivery Instructions."

With this notice, the undersigned hereby (i) represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Debentures tendered hereby and that the undersigned is the record owner of any Debentures tendered herewith in physical form or a participant in The Depository Trust Company ("DTC") and the beneficial owner of any Debentures tendered herewith by book-entry transfer to your account at DTC, (ii) agrees to be bound by the terms and conditions of Section 7.4 of the Pledge Agreement and all other provisions regarding Remarketing in the Purchase Contract Agreement and the Pledge Agreement (iii) acknowledges and agrees that after the close of business on the second Business Day immediately preceding the applicable Remarketing Period Start Date, such election shall become an irrevocable election to have such Debentures remarketed in the Remarketing, and that the Debentures tendered herewith will only be returned in the event of a Failed Remarketing.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

Signature Guarantee: \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or other Taxpayer  
Identification Number, if any

\_\_\_\_\_  
Address

\_\_\_\_\_

**A. PAYMENT INSTRUCTIONS**

Proceeds of the Remarketing should be paid by check in the name of the person(s) set forth below and mailed to the address set forth below.

Name(s)

(Please Print)

Address

(Please Print)

(Zip Code)

(Tax Identification or Social Security Number)

**B. DELIVERY INSTRUCTIONS**

In the event of a Failed Remarketing, Debentures which are in the form of definitive certificates should be delivered to the person(s) set forth below and mailed to the address set forth below.

Name(s)

(Please Print)

Address

(Please Print)

(Zip Code)



(Tax Identification or Social Security Number)

In the event of a Failed Remarketing, Debentures which are in book-entry form should be credited to the account at The Depository Trust Company set forth below.

\_\_\_\_\_

DTC Account Number

Name of Account Party: \_\_\_\_\_

INSTRUCTION TO CUSTODIAL AGENT REGARDING  
WITHDRAWAL FROM REMARKETING

Wilmington Trust Company,  
as Custodial Agent  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890-1600  
Telephone: (302) 636-6000/(302) 636-6019  
Attention: Corporate Trust Administration/David Vanaskey

Re: [5.67% Series B-1 Junior Subordinated Debentures]  
[5.82% Series B-2 Junior Subordinated Debentures]  
[5.89% Series B-3 Junior Subordinated Debentures]  
(the "Debentures") of American International Group, Inc. (the "Company")

The undersigned hereby notifies you in accordance with Section 7.4 of the Pledge Agreement, dated as of May 16, 2008 (the "Pledge Agreement"), among the Company and you, as Custodial Agent, Collateral Agent and Securities Intermediary, and The Bank of New York, as Purchase Contract Agent and as attorney-in-fact for the holders of Corporate Units from time to time, that the undersigned elects to withdraw the \$\_\_\_\_\_ aggregate principal amount of Debentures delivered to the Custodial Agent on \_\_\_\_\_, 20\_\_\_ for remarketing pursuant to Section 7.4 of the Pledge Agreement. The undersigned hereby instructs you to return such Debentures to the undersigned in accordance with the undersigned's instructions. Capitalized terms used herein but not defined shall have the meanings set forth in the Pledge Agreement.

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title:

Signature Guarantee: \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or other Taxpayer

Identification Number, if any

\_\_\_\_\_  
Address

DELIVERY INSTRUCTIONS

Debentures which are in the form of definitive certificates should be delivered to the person(s) set forth below and mailed to the address set forth below.

Name(s)

(Please Print)

Address

(Please Print)

(Zip Code)

(Tax Identification or Social Security Number)

Debentures which are in book-entry form should be credited to the account at The Depository Trust Company set forth below.

\_\_\_\_\_

DTC Account Number

Name of Account Party: \_\_\_\_\_

CONTACT PERSONS FOR CONFIRMATION

<b>Person(s) in Any of The Following Titles in the Company</b>	<b>Address/Phone Number</b>
Treasurer or Secretary	American International Group, Inc. 70 Pine Street, New York, NY 10270 Tel: (212) 770-7000

May 16, 2008

American International Group, Inc.  
70 Pine Street,  
New York, New York 10270.

Ladies and Gentlemen:

In connection with the several purchases today by the Underwriters (the "Underwriters") named in Schedule I to the Underwriting Agreement, dated May 12, 2008 (the "Underwriting Agreement"), between American International Group, Inc., a Delaware corporation (the "Company"), and Citigroup Global Markets, Inc. and J.P. Morgan Securities Inc., as Representatives of the several Underwriters, of 196,710,525 shares (the "Securities") of the Company's common stock, par value \$2.50 per share (the "Common Stock"), we, as counsel for the Company, have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. Upon the basis of such examination, it is our opinion that:

1. The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware.
2. The Securities have been validly issued and are fully paid and nonassessable.

The foregoing opinion is limited to the General Corporation Law of the State of Delaware, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We have relied as to certain matters upon information obtained from public officials, officers of the Company and other sources believed by us to be responsible, and we have assumed that the certificates for the Securities will conform to the specimen thereof examined by us and will be duly countersigned by a transfer agent and duly registered by a registrar of the Common Stock, and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

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We hereby consent to the filing of this opinion as an exhibit to the Registration Statements (File Nos. 333-150865; 333-143992 and 333-106040). In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

Very truly yours,

/s/ SULLIVAN & CROMWELL LLP

American International Group, Inc.  
70 Pine Street,  
New York, New York 10270.

Ladies and Gentlemen:

In connection with the several purchases today by the Underwriters named in Schedule I to the Underwriting Agreement, dated May 12, 2008 (the "Underwriting Agreement"), between American International Group, Inc., a Delaware corporation (the "Company"), and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Representatives of the several Underwriters named therein (the "Underwriters"), of 78,400,000 equity units (the "Securities"), we, as counsel for the Company, have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. Each Security has an initial stated amount of \$75 and initially consists of a stock purchase contract (the "Stock Purchase Contract"), with settlement dates on each of February 15, 2011, May 1, 2011 and August 1, 2011, and a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.67% Series B-1 Junior Subordinated Debentures (the "Series B-1 Debentures"), a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.82% Series B-2 Junior Subordinated Debentures (the "Series B-2 Debentures") and a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.89% Series B-3 Junior Subordinated Debentures (the "Series B-3 Debentures" and, together with the Series B-1 Debentures and the Series B-2 Debentures, "Debentures"). The Stock Purchase Contracts have been issued under the Purchase Contract Agreement, dated as of May 16, 2008 (the "Purchase Contract Agreement"), between the Company and The Bank of New York, as Purchase Contract Agent (the "Purchase Contract Agent"); the Debentures have been issued pursuant to Junior Subordinated Debt Indenture, dated as of March 13, 2007, as amended and supplemented by the Sixth, Seventh and Eighth Supplemental Indentures, each dated as of May 16, 2008 (collectively, the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee"); and up to 154,738,080 shares (the "Shares") of the Company's common stock, par value \$2.50 per share (the "Common Stock"), are initially issuable upon settlement of the Stock Purchase Contracts. Upon the basis of the aforementioned examination, it is our opinion that:

- (1) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware.
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American International Group, Inc.

(2) The Debentures constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(3) The Stock Purchase Contracts constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(4) The Securities constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(5) The Shares, when issued and paid for in accordance with the provisions of the Stock Purchase Contracts and the Purchase Contract Agreement, will be validly issued, fully paid and nonassessable.

The foregoing opinion is limited to the laws of the State of New York and the General Corporation Law of the State of Delaware, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We have relied as to certain matters upon information obtained from public officials, officers of the Company and other sources believed by us to be responsible, and we have assumed that the Indenture has been duly authorized, executed and delivered by the Trustee, that the Purchase Contract Agreement has been duly authorized, executed and delivered by the Purchase Contract Agent, that the Securities and Debentures conform to the specimens thereof examined by us, that the Purchase Contract Agent's certificates of authentication of the Securities have been manually signed by one of the Purchase Contract Agent's authorized signatories, that the Trustee's certificates of authentication of the Debentures have been manually signed by one of the Trustee's authorized signatories, that the certificate for the Shares will conform to the specimen thereof examined by us and will be duly countersigned by a transfer agent and duly registered by a registrar of the Common Stock, and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement (File Nos. 333-150865; 333-143992 and 333-106040). In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

Very truly yours,

/s/ SULLIVAN & CROMWELL LLP



American International Group, Inc.  
70 Pine Street,  
New York, NY 10270.

Ladies and Gentlemen:

As tax counsel to American International Group, Inc. in connection with the issuance of 196,710,525 shares of common stock, as described in the prospectus supplement, dated May 12, 2008 (the "Prospectus Supplement"), to the prospectus dated July 13, 2007, we hereby confirm to you, that subject to the qualifications, limitations and assumptions set forth in the Prospectus Supplement, we are of the opinion that the statements set forth in the Prospectus Supplement under the caption "Certain United States Tax Consequences To Non-U.S. Holders of Common Stock," to the extent such statements summarize U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of the common stock by non-U.S. holders, are accurate in all material respects.

Our opinion set forth above is based on the Internal Revenue Code of 1986, as amended, Treasury Regulations promulgated thereunder, administrative pronouncements, and, judicial precedents, all as of the date hereof. The foregoing authorities may be repealed, revoked or modified, and any such change may have retroactive effect.

We express no opinion with respect to the transactions referred to herein or in the Prospectus Supplement other than as expressly set forth herein, nor do we express any opinion herein concerning any law other than the federal tax law of the United States. Moreover, we note that our opinion is not binding on the Internal Revenue Service or courts, either of which could take a contrary position.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement under which the common stock has been offered and sold. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

Very truly yours,

/s/ SULLIVAN & CROMWELL LLP

American International Group, Inc.  
70 Pine Street  
New York, NY 10270

Ladies and Gentlemen:

We have acted as tax counsel to American International Group, Inc. a Delaware corporation (the "Company") in connection with the preparation and filing of three Registration Statements on Form S-3 (collectively, the "Registration Statement"), including the prospectus, dated July 13, 2007 (the "Prospectus"), as supplemented by the Prospectus Supplement, dated May 12, 2008 (the "Prospectus Supplement"), with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Act"), relating to 78,400,000 equity units (the "Securities"). Each Security has an initial stated amount of \$75 and initially consists of a stock purchase contract, with settlement dates on each of February 15, 2011, May 1, 2011 and August 1, 2011, and a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.67% Series B-1 Junior Subordinated Debentures, a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.82% Series B-2 Junior Subordinated Debentures and a 1/40 undivided beneficial ownership interest in \$1,000 principal amount of the Company's 5.89% Series B-3 Junior Subordinated Debentures (collectively, the "Debentures").

In rendering the opinion set forth below, we have examined and relied upon such records, agreements, instruments and other documents as we have deemed relevant and necessary, including but not limited to (i) the Registration Statement, including the Prospectus and the Prospectus Supplement, (ii) the Junior Subordinated Debt Indenture, dated as of March 13, 2007, between the Company and The Bank of New York, as Trustee, as amended and supplemented by the Sixth Supplemental Indenture, Seventh Supplemental Indenture, and the Eighth Supplemental Indenture, each dated as of May 16, 2008, between the Company and The Bank of New York, as Trustee, relating to the Debentures, (iv) the Purchase Contract Agreement, dated as of May 16, 2008, between the Company and The Bank of New York, as Purchase Contract Agent and (v) the Pledge Agreement, dated as of May 16, 2008, among the Company, Wilmington Trust Company, as Collateral Agent, Custodial Agent and Securities Intermediary, and The Bank of New York, as the Purchase Contract Agent. In rendering this opinion, we

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American International Group, Inc.

have also assumed that the representations contained in your letter to us dated May 16, 2008 (the "Issuer's Representation Letter"), and the representations contained in the letter from Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. to the Company, dated May 16, 2008, are true and complete without regard to any qualifications with respect to knowledge, assumptions, belief or intention. In connection with such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as duplicates or certified or conformed copies, and the authenticity of the originals of such latter documents.

Our opinion set forth below is based on the Internal Revenue Code of 1986, as amended, Treasury Regulations promulgated thereunder, administrative pronouncements, and, judicial precedents, all as of the date hereof. The foregoing authorities may be repealed, revoked or modified, and any such change may have retroactive effect.

Based on the foregoing, and subject to the qualifications, limitations and assumptions set forth in the Prospectus Supplement or stated herein, we are of the opinion that the statements set forth in the Prospectus Supplement under the caption "Certain United States Federal Income Tax Consequences," to the extent such statements summarize U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of the Securities, are accurate in all material respects.

We express no opinion with respect to the transactions referred to herein or in the Prospectus Supplement other than as expressly set forth herein, nor do we express any opinion herein concerning any law other than the federal tax law of the United States. Moreover, we note that our opinion is not binding on the Internal Revenue Service or courts, either of which could take a contrary position.

We hereby consent to the filing of this opinion letter as Exhibit 8.1 to the Registration Statement and to the use of our name under the caption "Certain United States Federal Income Tax Consequences" in the Prospectus Supplement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

Very truly yours,

/s/ SULLIVAN & CROMWELL LLP