

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES AND EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): October 12, 2006

AMERICAN INTERNATIONAL GROUP, INC.  
(Exact Name of Registrant as Specified in 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

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(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 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 8 -- Other Events

Item 8.01 Other Events.

On October 12, 2006, American International Group, Inc. (the "Registrant") entered into a Distribution Agreement (the "Distribution Agreement") with AIG Financial Securities Corp., ABN AMRO Incorporated, Banc of America Securities LLC, Banca IMI S.p.A., BMO Capital Markets Corp., Barclays Capital Inc., Bear, Stearns & Co. Inc., BNP Paribas Securities Corp., BNY Capital Markets, Inc., Calyon Securities (USA) Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Daiwa Securities America Inc., Daiwa Securities, SMBC Europe Limited, Deutsche Bank Securities, Goldman, Sachs & Co., Greenwich Capital Markets, Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., McDonald Investments Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mitsubishi UFJ Securities International plc, Morgan Stanley & Co. Incorporated, RBC Capital Markets Corporation, Santander Investment Securities Inc, Scotia Capital (USA) Inc., SG Americas Securities, LLC, TD Securities (USA) LLC, UBS Securities LLC, Wachovia Capital Markets, LLC (together, the "Agents") relating to the issuance and sale of the Registrant's Medium-Term Notes, Series G; Medium-Term Notes, Series AIG-FP; and Medium-Term Notes, Series MP, Matched Investment Program, at an aggregate initial offering price of up to \$25,139,770,000, or the equivalent thereof in one or more foreign or composite currencies or currency units.

A copy of the Distribution Agreement is attached as Exhibit 1.2 and incorporated herein by reference.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- Exhibit 1.1 Distribution Agreement, dated October 12, 2006, between the Agents and the Registrant
- Exhibit 4.1 Form of Fixed Rate Note
- Exhibit 4.2 Form of Floating Rate Note
- Exhibit 4.3 Form of Master Note
- Exhibit 8.1 Tax Opinion of Sullivan & Cromwell LLP
- Exhibit 23.1 Consent of Sullivan & Cromwell LLP (included in Exhibit 8.1)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, 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: October 18, 2006

By /s/ Kathleen E. Shannon

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

AMERICAN INTERNATIONAL GROUP, INC.

U.S. \$25,139,770,000

MEDIUM-TERM NOTES  
SERIES G  
SERIES AIG-FP  
SERIES MP, MATCHED INVESTMENT PROGRAM

DISTRIBUTION AGREEMENT

October 12, 2006

To the Agents named in Annex VI hereto.

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 up to U.S. \$25,139,770,000 aggregate principal amount, or the equivalent of up to U.S. \$25,139,770,000 aggregate principal amount in one or more foreign or composite currencies, of its Medium-Term Notes, Series G; Medium-Term Notes, Series AIG-FP; and Medium-Term Notes, Series MP, Matched Investment Program (collectively, the "SECURITIES"), and agrees with each of you (individually, an "AGENT", and collectively, the "AGENTS") as set forth in this Agreement.

Subject to the terms and conditions stated herein, the Company hereby appoints each Agent as an agent of the Company for the purpose of soliciting and receiving offers to purchase the Securities from the Company, and the Company and the Agents agree that whenever the Company determines to sell Securities directly to any Agent as principal for resale to others, the Company and such Agent will, unless otherwise agreed by them, enter into a separate agreement, substantially in the form of Annex I hereto, relating to such sale (each, a "TERMS AGREEMENT") or another agreement relating to such sale, which shall be subject to the terms and conditions stated herein, in each case in accordance with Section 2(b) hereof. The Company reserves the right to sell Securities directly on its own behalf and to enter into agreements substantially identical hereto with other broker-dealers as Agents. This Agreement shall not be construed to create either an obligation on the part of the Company to sell any Securities or an obligation of the Agents to purchase Securities as principal.

The terms and rights of the Securities shall be as specified in or established pursuant to the Indenture, dated as of October 12, 2006 (the "INDENTURE"), between the Company and The Bank of New York, as Trustee (the "TRUSTEE"). The Securities shall have the maturity ranges, annual interest rates (if any), redemption provisions and other terms set forth in the Prospectus referred to below as it may be supplemented from time to time. The Securities may be issued in amounts denominated in United States dollars or in amounts denominated in foreign currencies, including the Euro, or any composite currency. References herein to amounts stated in United States dollars shall be deemed to refer to the equivalent amount of foreign currency or composite currency to the extent applicable. The Securities will be issued, and the terms thereof established,

from time to time by the Company in accordance with the Indenture and the Administrative Procedure attached hereto as Attachment A (the "PROCEDURE") and, if applicable, such terms will be specified in a related Terms Agreement.

1. The Company represents and warrants to, and agrees with, each Agent that:

(a) The registration statements on Form S-3 (Registration Nos. 333-106040 and 333-31024) in respect of the Securities have been filed with the Securities and Exchange Commission (the "COMMISSION"); such registration statements and any post-effective amendment thereto, each in the form heretofore delivered or to be delivered to such Agent, excluding exhibits to such registration statements, but including all documents incorporated by reference in the prospectus included in the latest registration statement, have been declared effective by the Commission in such form; and no stop order suspending the effectiveness of any such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in the latest registration statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "ACT") is hereinafter called a "PRELIMINARY PROSPECTUS;" the various parts of such registration statements, including all exhibits thereto and the documents incorporated by reference in the prospectus contained in the registration statements at the time such part of the registration statements became effective but excluding Form T-1, each as amended at the time such part of the registration statements most recently became effective, are hereinafter collectively called the "REGISTRATION STATEMENT;" the prospectus (including, if applicable, any prospectus supplement) relating to the Securities, in the form in which it has most recently been filed, or transmitted for filing, with the Commission on or prior to the date of this Agreement, is hereinafter called the "PROSPECTUS;" any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to the applicable form under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus, including any supplement to the Prospectus that sets forth only the terms of a particular issue of the Securities (a "PRICING SUPPLEMENT"), shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), and incorporated therein by reference; 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 reference to the "PROSPECTUS AS AMENDED OR SUPPLEMENTED," other than in Section 1(c)(i)(B) hereof, shall be deemed to refer to and include the Prospectus as amended or supplemented (including by the applicable Pricing Supplement filed in accordance with Section 4(a) hereof and any other prospectus supplement specifically referred to in such Pricing Supplement) in relation to Securities to be sold pursuant to this Agreement, in the form filed or transmitted for filing with the Commission pursuant to Rule 424(b) under the Act and in accordance with Section 4(a) hereof, including any documents incorporated by reference therein as of the date of such filing);

(b) No order preventing or suspending the use of any Preliminary Prospectus or any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities (an "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 Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE 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 required to be stated therein or 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 any Agent expressly for use therein;

(c) (i) With respect to any issue of Securities, (A) the "APPLICABLE TIME" will be such time on the date of the applicable Terms Agreement as is specified therein as the Applicable Time, or, if either the Terms Agreement does not specify the Applicable Time or if such Securities are not being sold pursuant to a Terms Agreement, the Applicable Time shall mean the time immediately prior to the time of the first sale by an Agent (including, without limitation, a contract of sale by an Agent) of such Securities or with respect to Securities sold by such Agent as agent, the Applicable Time shall mean each time of sale (including, without limitation, a contract of sale) of such Securities, and (B) the "PRICING DISCLOSURE PACKAGE" shall mean the Prospectus as amended or supplemented immediately prior to the Applicable Time taken together with any Term Sheet prepared pursuant to Section 4(a) hereof in connection with such issue of Securities and any other free writing prospectus that the Company and such Agent shall expressly agree in writing to include as part of the Pricing Disclosure Package with respect to such issue of Securities; (ii) with respect to each issue of Securities, the Pricing Disclosure Package, as of the Applicable Time, will 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 are made, not misleading; and (iii) with respect to each issue of Securities, each Issuer Free Writing Prospectus, if any, included in the Pricing Disclosure Package, will not conflict with the information contained in the Registration Statement, the Prospectus or the Prospectus as amended or supplemented and, taken together with the Pricing Disclosure Package, as of the Applicable Time, will 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 are made, not misleading; provided, however, that the representations and warranties in clauses (ii) and (iii) of this Section 1(c) shall not apply to statements or omissions made in any Pricing Disclosure Package or Issuer Free Writing Prospectus in reliance upon and in conformity with information furnished in writing to the Company by any Agent expressly for use therein;

(d) The documents incorporated by reference in 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 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 any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Agent specifically for use in the Prospectus as amended or supplemented to relate to a particular issuance of Securities, or to any statements in any such document which does not constitute part of the Registration Statement or Prospectus pursuant to Rule 412 under the Act;

(e) The Registration Statement and the Prospectus conform, and any amendments or supplements thereto will conform, in all material respects to the requirements of the Act and the Trust Indenture 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) that part of the Registration Statement which constitutes the Statement of Eligibility (Form T-1) under the Trust Indenture Act of the Trustee, (ii) any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Agent expressly for use in the Prospectus as amended or supplemented to relate to a particular issuance of Securities and (iii) any statement which does not constitute part of the Registration Statement or Prospectus pursuant to Rule 412 under the Act;

(f) The Company has been duly incorporated and is an existing corporation in good standing under the laws of Delaware, and has full power and authority to own its properties and to conduct its business as described in the Prospectus;

(g) Since the date of the latest audited financial statements included or incorporated by reference in the 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 option plans and upon conversion of convertible securities), or (ii) any material adverse change in or affecting the 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 Prospectus as amended or supplemented (any such change described in clause (ii) is referred to as a "MATERIAL ADVERSE CHANGE");

(h) The series constituting the Securities has been duly authorized and established in conformity with the Indenture and, when the terms of a particular Security and of the issue and sale thereof have been duly authorized and established by all necessary corporate action in conformity with the Indenture and such Security has been duly completed, executed, authenticated and issued in accordance with the Indenture, and delivered against payment therefor as contemplated by this Agreement and any applicable Terms Agreement, such Security will have been duly executed, authenticated, issued and delivered and will constitute a valid and legally binding obligation of the Company entitled to the benefits provided by the Indenture; the Indenture has been duly authorized and qualified under the Trust Indenture Act 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; and the Indenture conforms and the Securities will conform in all material respects to the descriptions thereof in the Prospectus as amended or supplemented;

(i) The issue and sale of the Securities and the compliance by the Company with all of the provisions of the Securities, the Indenture, this Agreement and any Terms Agreement, and the consummation of the transactions herein and therein 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 breaches, conflicts, 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 solicitation of offers to purchase Securities and the issue and sale of the Securities or the consummation by the Company of the other transactions contemplated by this Agreement, any Terms Agreement or the Indenture, 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 date of this Agreement, obtained under the Act or the Trust Indenture 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 solicitation by such Agent of offers to purchase the Securities from the Company and with purchases of the Securities by such Agent as principal, as the case may be, both in the manner contemplated hereby; and

(j) 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 Prospectus as amended or supplemented; and, at each Time of Delivery (as defined in Section 2(b) hereof), there will not be any 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 will have had, or may reasonably be expected in the future to have, a Material Adverse Effect, except as set forth or contemplated in the Prospectus as amended or supplemented.

2. (a) On the basis of the representations and warranties, and subject to the terms and conditions, herein set forth, each of the Agents hereby severally and not jointly agrees, as agent of the Company, to use its best efforts to solicit and receive offers to purchase the Securities from the Company upon the terms and conditions set forth herein, in the Prospectus as amended or supplemented from time to time and in any applicable Term Sheet.

The Company reserves the right, in its sole discretion, to instruct the Agents to suspend at any time, for any period of time or permanently, the solicitation of offers to purchase the Securities. Upon receipt of instructions from the Company, the Agents will forthwith suspend solicitation of offers to purchase Securities from the Company until such time as the Company has advised the Agents that such solicitation may be resumed. During such time as the solicitation of offers to purchase the Securities shall be suspended, the Company shall not be required to comply with the provisions of Sections 4(g), 4(h) and 4(i).

The Company agrees to pay each Agent a commission, at the time of settlement of each sale of Securities by the Company as a result of a solicitation made by such Agent, in an amount to be agreed to by the Company and such Agent at the time of solicitation, it being understood and agreed that the commissions may not be the same for each Agent.

As Agents, you are authorized to solicit offers to purchase the Securities only in authorized denominations as set forth in the Prospectus or the applicable Pricing Supplement at a purchase price equal to 100% of their principal amount unless otherwise indicated on the applicable Term Sheet, if any, and Pricing Supplement. Each Agent shall communicate to the Company, orally or in writing, each offer to purchase Securities other than those rejected by such Agent. The Company shall have the sole right to accept offers to purchase Securities and may reject any proposed purchase of Securities as a whole or in part. The Agents shall have the right, in their discretion reasonably exercised, to reject any offer to purchase Securities, as a whole or in part, and any such rejection by the Agents shall not be deemed a breach of their agreements contained herein.

(b) Unless the Company and the Agents otherwise agree, each sale of Securities to any Agent as principal shall be made in accordance with the terms of this Agreement and a Terms Agreement which will provide for the sale of such Securities to, and the purchase thereof by, such Agent. A Terms Agreement may also specify certain provisions relating to the reoffering of such Securities by such Agent. The commitment of any Agent to purchase Securities pursuant to any Terms Agreement shall be deemed to have been made on the basis of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall include a specification of the principal amount of Securities to be purchased by any Agent pursuant thereto, the price to be paid to the Company for such Securities, the currency in which such Securities are to be denominated, any provisions relating to rights of, and default by, underwriters acting together with such Agent in the reoffering of the Securities, and the time (each a "TIME OF DELIVERY") and place of delivery of and payment for such Securities. Such Terms Agreement shall also specify any requirements for officers' certificates, opinions of counsel and accountants' letters pursuant to Section 4 hereof.

(c) Procedural details relating to the issue and delivery of Securities, the solicitation of offers to purchase, and purchases by any Agent as principal of, Securities, and the payment in each case therefor, are set forth in the Procedure. Each Agent and the Company agree to perform the respective duties and obligations specifically provided to be performed by each of them in the Procedure as it may be amended from time to time by written agreement between the Agents and the Company.

(d) Each Agent agrees, with respect to any Security denominated in a currency other than U.S. dollars, as agent, directly or indirectly, not to solicit offers to purchase, and as a principal under any Terms Agreement or otherwise, directly or indirectly, not to offer,



sell or deliver, such Security in, or to residents of, the country issuing such currency (or if such Security is denominated in euros, not to residents of the 12 member states of the European Monetary Union; or if such Security is denominated in a composite currency, not to residents in any country issuing a currency comprising a portion of such composite currency), except, in each case, as permitted by applicable law.

(e) Each Agent 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 in the manner in which, the Securities may be offered, sold, resold or delivered.

3. Any documents required to be delivered pursuant to Section 6 hereof shall be made available to the Agents at the office of the Company's counsel, Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004.

4. The Company covenants and agrees with each Agent:

(a) To make no amendment or supplement (other than an amendment or supplement as a result of the Company's filing of a report under the Exchange Act) to the Registration Statement or the Prospectus after the date of any Terms Agreement and prior to the related Time of Delivery which shall be disapproved by any Agent party to such Terms Agreement promptly after reasonable notice thereof; to prepare, with respect to any Securities to be sold by the Company through or to such Agent pursuant to this Agreement, a Pricing Supplement and, if applicable, a Term Sheet (as defined below) with respect to such Securities in a form previously approved by such Agent and to file such Pricing Supplement or Term Sheet pursuant to Rule 424(b) or Rule 433(d) under the Act within the time required by such rule; to make no amendment or supplement to the Registration Statement or the Prospectus, other than any Term Sheet (as defined below), Pricing Supplement or any report filed under the Exchange Act, at any other time prior to having afforded each Agent a reasonable opportunity to review it; if requested by such Agent prior to the Applicable Time, to prepare an Issuer Free Writing Prospectus that is a final term sheet relating to such Securities in the form set forth in Annex II hereto (each a "TERM SHEET"), 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 material required to be filed by the Company 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 is required in connection with the offering or sale of the Securities, and during such same period to advise such Agent, 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, or transmitted for filing to, the Commission (other than an amendment or supplement as a result of the Company's filing of a report under the Exchange Act or any Pricing Supplement that relates to Securities not purchased through or by such Agent), 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 amendment or supplement 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 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 such Agent may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as such Agent may request and to comply with such laws so as to permit the continuance of sales and dealings therein for as long as may be necessary to complete the distribution or sale 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) To furnish such Agent with copies of the Registration Statement and each amendment thereto, and with copies of the Prospectus as each time amended or supplemented, other than any Pricing Supplement or Term Sheet (except as provided in the Procedure) or amendment or supplement relating solely to an offering of securities other than the Securities, in the form in which it is filed with, or transmitted for filing to, the Commission pursuant to Rule 424 under the Act, both in such quantities as such Agent may reasonably request from time to time; and, if the delivery of a prospectus is required at any time within 90 days after sale of the Securities (including Securities purchased from the Company by such Agent as principal) 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 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, the Exchange Act or the Trust Indenture Act, to notify such Agent as promptly as practicable and request such Agent to suspend solicitation of offers to purchase Securities from the Company, in its capacity as agent of the Company and, if so notified, such Agent shall forthwith cease such solicitations; and if the Company shall decide to amend or supplement the Registration Statement or the Prospectus as then amended or supplemented, to so advise such Agent promptly by telephone (with confirmation in writing) and to prepare and cause to be filed promptly with the Commission an amendment or supplement to the Registration Statement or the Prospectus as then amended or supplemented that will correct such statement or omission or effect such compliance; provided, however, that if during such same period such Agent continues to own Securities purchased from the Company by such Agent as principal which such Agent proposes to sell, upon the reasonable request of such Agent, the Company shall promptly prepare and file with the Commission such an amendment or supplement, the expense of such preparation and filing to be borne by the Company if such amendment or supplement occurs within 90 days of the date of the relevant Pricing Supplement or Term Sheet and if after such 90-day period, by such Agent;

(d) To make generally available to its security holders as soon as practicable, but in any event not later than 90 days after the close of the period covered thereby, an earnings statement or statements 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) and covering each twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the date of any sale of Securities hereunder;

(e) That, from the date of any Terms Agreement with such Agent and continuing to and including the earlier of (i) the termination of the trading restrictions for the Securities purchased thereunder, as notified to the Company by such Agent and (ii) the related Time of Delivery, the Company will not, without the prior consent of such Agent, offer, sell, contract to sell or otherwise dispose of any debt securities of the Company that mature more than nine months after such Time of Delivery, have the same maturity, and are otherwise substantially similar to the Securities. The restriction imposed by this Section 4(e) shall not apply to an issue of debt securities denominated in a currency other than U.S. dollars or to an issue of debt securities of which at least 90% (based on gross offering proceeds) is offered and sold outside the United States or to guarantees by the Company of debt securities of its subsidiaries;

(f) That each acceptance by the Company of an offer to purchase Securities hereunder, and each sale of Securities to such Agent pursuant to a Terms Agreement, shall be deemed to be an affirmation to such Agent that the representations and warranties of the Company contained in or made pursuant to this Agreement are true and correct in all material respects as of the date of such acceptance or of such Terms Agreement as though made at and as of such time (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented at such time);

(g) That each time the Registration Statement or the Prospectus shall be amended or supplemented as a result of the filing by the Company of its Annual Report on Form 10-K under the Exchange Act, and each time, if so indicated in the applicable Terms Agreement, the Company sells Securities to such Agent as principal, the Company shall furnish or cause to be furnished forthwith to such Agent, upon its request, a certificate of officers of the Company satisfactory to such Agent, dated the date of such supplement, amendment or Time of Delivery related to such sale, in form satisfactory to such Agent in its reasonable judgment to the effect that the statements contained in the certificate referred to in Section 6(g) hereof which were last furnished to such Agent are true and correct, in all material respects, at such date, as though made at and as of such date (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such time) or, in lieu of such certificate, certificates of the same tenor as the certificates referred to in said Section 6(g) but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date;

(h) That each time the Registration Statement or the Prospectus shall be amended or supplemented as a result of the filing by the Company of its Annual Report on Form 10-K under the Exchange Act, and each time, if so indicated in the applicable Terms Agreement, the Company sells Securities to such Agent as principal, the Company shall furnish or cause to be furnished forthwith to such Agent, upon its request, a written opinion and letter of Sullivan & Cromwell LLP, counsel for the Company, and a written opinion of Kathleen E. Shannon, Senior Vice President and Deputy General Counsel of the Company, or, in either case, other counsel satisfactory to such Agent in its reasonable judgment, dated the date of such amendment, supplement or Time of Delivery relating to such sale, each in form satisfactory to such Agent in its reasonable judgment to the effect that such Agent may rely on the opinion and letter referred to in Section 6(c) or the opinion referred to in Section 6(d) hereof, as the case may be, which was last furnished to such Agent to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such last opinion or letter shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such date) or, in lieu of either such opinion, an opinion and letter of the same tenor as the opinion and letter

referred to in Section 6(c) or an opinion of the same tenor as the opinion referred to in Section 6(d) hereof, as the case may be, but modified to relate to the Registration Statement and the Prospectus as amended and supplemented to such date; and

(i) That each time the Registration Statement or the Prospectus shall be amended or supplemented as a result of the filing by the Company of its Annual Report on Form 10-K under the Exchange Act to set forth financial information included in or derived from the Company's consolidated financial statements, or, if so indicated in the applicable Terms Agreement, each time the Company sells Securities to such Agent as principal, the Company shall cause its independent registered public accounting firm forthwith to furnish such Agent, upon its request, a letter, dated the date of such amendment, supplement or Time of Delivery relating to such sale, in form satisfactory to such Agent in its reasonable judgment, of the same tenor as the letter referred to in Section 6(e) hereof but modified to relate to the Registration Statement and the Prospectus as amended or supplemented to the date of such letter, with such changes as may be necessary to reflect changes in the financial statements and other information derived from the accounting records of the Company, to the extent such financial statements and other information are available as of a date not more than five business days prior to the date of such letter; provided, however, that where such amendment or supplement only sets forth unaudited quarterly financial information, the scope of such letter may be limited to relate to such unaudited financial information unless any other accounting or financial information included therein is of a character that, in the reasonable judgment of the Agents, such other information should be addressed by such letter.

4A. (a) The Company and each Agent agree that the Agents 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 in writing or orally before the first communication containing such information is used;

(b) Each Agent 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) any Term Sheet or (C) any written communication prepared by such Agent and approved by the Company in advance in writing;

(c) Except in the case of Securities sold directly by the Company, with respect to any particular issuance of Securities, the Company represents to the Agent purchasing or soliciting the purchase of such Securities 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 such Securities other than (A) any written communication permitted under subparagraph (a) above, (B) any Term Sheet or (C) any written communication approved by such Agent in advance in writing;

(d) 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, legending and record keeping; and

(e) With respect to any issue of Securities, the Company agrees that if at any time following the relevant Applicable Time until and including the related Time of Delivery any

event occurred or occurs as a result of which an Issuer Free Writing Prospectus included in the relevant Pricing Disclosure Package would conflict with the information in the Registration Statement, the Prospectus, the Prospectus as amended or supplemented or the Pricing Supplement or, taken together with the relevant Pricing Disclosure Package, 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 give prompt notice thereof to the relevant Agents and, if requested by such Agents, will prepare and furnish without charge to each Agent 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 Agent expressly for use therein.

5. The Company covenants and agrees with each Agent 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, any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus and any Pricing Supplements and all other amendments and supplements thereto and the mailing and delivering of copies thereof to such Agent; (ii) the reasonable fees and expenses of counsel for the Agents in connection with the transactions contemplated hereunder; (iii) the cost of printing, word-processing or reproducing this Agreement, any Terms Agreement, any Indenture, any Blue Sky and Legal Investment Memoranda and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iv) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 4(b) hereof, including fees and disbursements of the Company's counsel in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (v) any fees charged by security rating services for rating the Securities; (vi) the cost of preparing the Securities; (vii) the fees and expenses of any Trustee and any agent of any Trustee and the fees and disbursements of counsel for any Trustee in connection with any Indenture and the Securities; (viii) any advertising expenses connected with the solicitation of offers to purchase and the sale of Securities so long as such advertising expenses have been approved by the Company; and (ix) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. Each Agent shall pay all other fees and expenses it incurs.

6. The obligation of any Agent, as agent of the Company, to solicit offers to purchase the Securities and the obligation of any Agent to purchase Securities as principal pursuant to any Terms Agreement, shall be subject, in such Agent's reasonable discretion, to the condition that all representations and warranties and other statements of the Company herein are true and correct, in all material respects, at and as of the date of this Agreement, the date of each such solicitation, any settlement date related to the acceptance of such an offer, and each Time of Delivery, the condition that the Company shall have performed, in all material respects, all of its obligations hereunder theretofore in each case to be performed and the following additional conditions, where applicable:

(a) No stop order suspending the effectiveness of the Registration Statement 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; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of such Agent;

(b) Such Agent shall have received, upon its request, from Davis Polk & Wardwell, counsel to the Agents, such opinion, dated the date of this Agreement and the Time of Delivery as specified in the applicable Terms Agreement, with respect to the validity of the Securities, the Registration Statement, the Prospectus as amended or supplemented, and other related matters as such Agent may reasonably require, and the Company shall have furnished to such counsel such documents as they reasonably request for the purpose of enabling them to pass upon such matters;

(c) Such Agent shall have received an opinion and letter of Sullivan & Cromwell LLP, counsel for the Company, or other counsel satisfactory to such Agent in its reasonable judgment, dated the date of this Agreement and any applicable date referred to in Section 4(h), to the effect set forth in Annex III hereto;

(d) Such Agent shall have received an opinion of Kathleen E. Shannon, Senior Vice President and Deputy General Counsel of the Company, or other counsel satisfactory to such Agent in its reasonable judgment, dated the date of this Agreement and any applicable date referred to in Section 4(i), to the effect set forth in Annex IV hereto;

(e) At 11:00 A.M., New York City time, on the date of this Agreement and on any applicable date referred to in Section 4(i), the independent registered public accounting firm who have audited the financial statements of the Company and its subsidiaries included or incorporated by reference in the Registration Statement shall have furnished to such Agent a letter, dated such applicable date, in form and substance satisfactory to such Agent, to the effect set forth in Annex V hereto;

(f) Since the respective dates as of which information is given in the Prospectus as amended or supplemented, there has not been any Material Adverse Change which, in the judgment of the Agents, materially impairs the investment quality of the Securities, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented;

(g) The Company shall have furnished or caused to be furnished to such Agent 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 the date of this Agreement and any applicable date referred to in Section 4(g), 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 are true and correct, in all material respects, as of such applicable date, 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 such applicable date, 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, since the respective dates as of which information is given in the Prospectus as amended or supplemented, there has not been any Material Adverse Change, otherwise than as set forth or contemplated in the Prospectus as amended or supplemented; and

(h) During the period between the date of any Terms Agreement and the related 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 such Agent, is to make it impracticable or inadvisable to proceed with the purchase by such Agent of Securities from the Company, as principal; (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 on the date of any Terms Agreement, if the effect of any such event in the reasonable judgment of such Agent is to make it impracticable or inadvisable to proceed with the purchase of Securities by such Agent from the Company as principal; (iv) the suspension in trading in the Company's common stock, par value \$2.50 per share, on the New York Stock Exchange, if the effect of such event in the reasonable judgment of such Agent is to make it impracticable or inadvisable to proceed with the purchase of Securities by such Agent from the Company as principal; 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.

7. (a) The Company will indemnify and hold harmless each Agent and each person, if any, who controls any of the Agents within the meaning of the Act, against any losses, claims, damages or liabilities, joint or several, to which such Agent 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 any untrue statement or alleged untrue statement of any material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented, or any amendment or supplement thereto or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such Agent and such controlling person for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such action or claim as 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 any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented, or any such amendment or supplement, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by such Agent expressly for use therein; and provided, further, that the foregoing indemnity agreement contained in this Section 7(a), with respect to any Preliminary Prospectus, preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented, or any amendment or supplement thereto or any Issuer Free Writing Prospectus, shall not inure to the benefit of any Agent from whom the person asserting any such losses, claims, damages or liabilities purchased Securities, or any person controlling such Agent where (i) prior to the Applicable Time the Company shall have notified such Agent that any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented, 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 Preliminary Prospectus, preliminary prospectus supplement, Registration Statement, Prospectus as amended or supplemented or, where permitted by law, an Issuer Free Writing Prospectus, and such corrected Prospectus or Issuer Free Writing Prospectus was provided to such Agent prior to the Applicable Time, (iii) such corrected Preliminary Prospectus, preliminary prospectus supplement, Registration Statement, 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 Preliminary Prospectus, preliminary prospectus supplement, Registration Statement, 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 Agent, severally and not jointly, will indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of the Act, 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 any untrue statement or alleged untrue statement of any material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented, 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 any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented or any such amendment or supplement, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by such Agent expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company or such controlling person in connection with investigating or defending any such action or claim as 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 otherwise than under such subsection. 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.



(d) If the indemnification provided for in this Section 7 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 each Agent 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, or if the indemnified party failed to give the notice required under subsection (c) above, 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 each Agent 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 each Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the sale of Securities (before deducting expenses) received by the Company bear to the total commissions or discounts received by such Agent 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 in order to make the statements therein not misleading relates to information supplied by the Company on the one hand or by any Agent 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 each Agent agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation 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), an Agent shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities purchased by or through it were sold exceeds the amount of any damages which such Agent 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.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Agent within the meaning of the Act; and the obligations of each Agent under this Section 7 shall be in addition to any liability which such Agent 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.

8. In soliciting offers by others to purchase Securities from the Company, each Agent is acting solely as agent for the Company, and not as principal (other than in respect of any purchase by an Agent pursuant to a Terms Agreement). Each Agent will make reasonable efforts

to assist the Company in obtaining performance by each purchaser whose offer to purchase Securities from the Company has been accepted by the Company, but such Agent shall not have any liability to the Company in the event such purchase for any reason is not consummated. If the Company shall default on its obligation to deliver Securities to a purchaser whose offer it has accepted, the Company shall hold each Agent harmless against any loss, claim or damage arising from or as a result of such default by the Company.

9. The respective indemnities, agreements, representations, warranties, and other statements by any Agent and the Company or its officers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation or statement as to the results thereof made by or on behalf of any Agent or the Company or any of its officers or directors or any controlling person, and will survive each delivery of and payment for any of the Securities.

10. The provisions of this Agreement relating to the solicitation of offers to purchase the Securities may be suspended or terminated at any time by the Company as to any Agent or by any Agent as to such Agent upon the giving of written notice of such suspension or termination to such Agent or the Company, as the case may be. In the event of any such suspension or termination, with respect to any Agent, this Agreement shall remain in full force and effect with respect to any Agent as to which such suspension or termination has not occurred and no party shall have any liability to the other party hereto, except as provided in the third paragraph of Section 2(a), Section 5, Section 7, Section 8 and Section 9 and except that, if at the time of such suspension or termination, an offer for the purchase of Securities shall have been accepted by the Company but the delivery of the Securities relating thereto to the purchaser or his agent shall not yet have occurred, the Company shall have the obligations provided in subsections (g), (h) and (i) of Section 4.

11. Except as otherwise specifically provided herein or in the Procedure, all statements, requests, notices and advices hereunder shall be in writing, or by telephone if promptly confirmed in writing, and if to an Agent, shall be sufficient in all respects when delivered or sent by facsimile transmission or registered mail as set forth in Annex VI hereto under such Agent'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.

12. This Agreement and any Terms Agreement shall be binding upon, and inure solely to the benefit of, each Agent (or the applicable Agent, in the case of a Terms Agreement) and the Company, and to the extent provided in Section 7 and Section 9 hereof, the officers and directors of the Company and any person who controls any Agent or the Company, and their respective personal representatives, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any Terms Agreement. No purchaser of any of the Securities through or from any Agent hereunder shall be deemed a successor or assign by reason of such purchase.

13. The Company acknowledges and agrees that (i) the purchase and sale of the Securities pursuant to this Agreement and any Terms Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the Agents, on the other, (ii) in connection therewith and with the process leading to such transaction each Agent is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Agent 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 Agent 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. The Company agrees that it will not claim that the Agent, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

14. This Agreement and any Terms Agreement supersede all prior agreements and understandings (whether written or oral) between the Company and the Agents, or any of them, with respect to the subject matter hereof.

15. This Agreement and any Terms Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. Time shall be of the essence in this Agreement and any Terms Agreement.

17. This Agreement and any Terms Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be deemed to be an original, but all of such respective 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

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Name: Robert A. Gender

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Title: Vice President and Treasurer  
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Accepted in New York, New York

AIG FINANCIAL SECURITIES CORP.

By /s/ Jonathan Liebergall

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Name: Jonathan Liebergall

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Title: Managing Director  
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ABN AMRO INCORPORATED

By /s/ Louis DeCaro

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Name: Louis DeCaro

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Title: Managing Director  
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BANC OF AMERICA SECURITIES LLC

By /s/ Lily Chang

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Name: Lily Chang

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Title: Principal  
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BANCA IMI S.P.A.

By /s/ Carlo Sgarbi

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Name: Carlo Sgarbi

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Title: Head of Debt Capital Markets  
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BARCLAYS CAPITAL INC.

By /s/ Pamela Kendell

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Name: Pamela Kendell

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Title: Director  
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BEAR, STEARNS & CO. INC.

By /s/ Christopher O'Connor

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Name: Christopher O'Connor

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Title: Senior Managing Director  
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BMO CAPITAL MARKETS CORP.

By /s/ Norman S. Shaffer

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Name: Norman S. Shaffer

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Title: Managing Director  
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BNP PARIBAS SECURITIES CORP.

By /s/ Tim McCann

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Name: Tim McCann

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Title: Director  
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BNY CAPITAL MARKETS, INC.

By /s/ Dan Kalinger

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Name: Dan Kalinger

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Title: Managing Director  
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CALYON SECURITIES (USA) INC.

By /s/ Ronald S. Krolick

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Name: Ronald S. Krolick

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Title: Managing Director  
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CITIGROUP GLOBAL MARKETS INC.

By /s/ Brian Bednarski

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Name: Brian Bednarski

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Title: Director  
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CREDIT SUISSE SECURITIES (USA) LLC

By /s/ Helena Willner

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Name: Helena Willner

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Title: Director  
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DAIWA SECURITIES AMERICA INC.

By /s/ William Cook

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Name: William Cook

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Title: Executive VP  
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DAIWA SECURITIES SMBC EUROPE LIMITED

By /s/ H. Ohara

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Name: H. Ohara

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Title: Managing Director  
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DEUTSCHE BANK SECURITIES

By /s/ Marc Fratepietro

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Name: Marc Fratepietro

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Title: Director  
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By /s/ Peter H. Burger

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Name: Peter H. Burger

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Title: Director/Debt Syndicate  
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GOLDMAN, SACHS & CO.

By /s/ GOLDMAN SACHS & CO.

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Name:

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Title:  
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GREENWICH CAPITAL MARKETS, INC.

By /s/ Mark Kotasek

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Name: Mark Kotasek

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Title: Senior Vice President  
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HSBC SECURITIES (USA) INC.

By /s/ Andrew Lazerus

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Name: Andrew Lazerus

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Title: Senior Vice President  
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J.P. MORGAN SECURITIES INC.

By /s/ Robert Bottamedi

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Name: Robert Bottamedi

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Title: Vice President  
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LEHMAN BROTHERS

By /s/ John Jedlika

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Name: John Jedlika

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Title: Managing Director  
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By /s/ Martin Goldberg

-----  
Name: Martin Goldberg

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Title: Senior Vice President  
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MCDONALD INVESTMENTS INC.

By /s/ Eric N. Peiffer

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Name: Eric N. Peiffer

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Title: Director  
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MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED

By /s/ Scott Primrose

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Name: Scott Primrose

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Title: Managing Director  
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MITSUBISHI UFJ SECURITIES  
INTERNATIONAL PLC

By /s/ Kenichi Yamana

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Name: Kenichi Yamana

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Title: Managing Director  
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MORGAN STANLEY & CO. INCORPORATED

By /s/ Scott Ashby

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Name: Scott Ashby

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Title: Executive Director  
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RBC CAPITAL MARKETS CORPORATION

By /s/ Jigme Shingsar

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Name: Jigme Shingsar

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Title: Managing Director  
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SANTANDER INVESTMENT SECURITIES INC.

By /s/ Fuensanta Diaz Cobacho

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Name: Fuensanta Diaz Cobacho

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Title: Managing Director  
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By /s/ Andres Barbosa

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Name: Andres Barbosa

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Title: Vice President  
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SCOTIA CAPITAL (USA) INC.

By /s/ Greg Woynarski

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Name: Greg Woynarski

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Title: Managing Director & Head,

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US Fixed Income  
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SG AMERICAS SECURITIES, LLC

By /s/ David C. Sharp

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Name: David C. Sharp

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Title: Director  
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TD SECURITIES (USA) LLC

By /s/ John Brenizer

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Name: John Brenizer

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Title: VP Director Global Debt Capital Markets  
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UBS SECURITIES LLC

By /s/ William J. Woolfrey

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Name: William J. Woolfrey

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Title: Executive Director  
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By /s/ Michael Ravanese

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Name: Michael Ravanese

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Title: Director  
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WACHOVIA CAPITAL MARKETS, LLC

By /s/ Amy Kabarznick

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Name: Amy Kabarznick

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Title: Managing Director  
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AMERICAN INTERNATIONAL GROUP, INC.  
U.S. \$25,139,770,000

MEDIUM-TERM NOTES, SERIES [G][AIG-FP][MP, MATCHED INVESTMENT PROGRAM]

TERMS AGREEMENT

[Date]

[Name(s) and Address(es) of Agent(s)]

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Ladies and Gentlemen:

American International Group, Inc. (the "COMPANY") proposes, subject to the terms and conditions stated herein and in the Distribution Agreement, dated October \_\_, 2006 (the "DISTRIBUTION AGREEMENT"), between the Company on the one hand and [Name(s) of Agent(s)] (individually, an "AGENT" and collectively, the "AGENTS") on the other, to issue and sell to [Name(s) of Agent(s)] the securities specified in Schedule I hereto (the "PURCHASED SECURITIES"). Each of the provisions of the Distribution Agreement not specifically related to the solicitation by the Agents, as agents of the Company, of offers to purchase Securities is incorporated herein by reference in its entirety, and shall be deemed to be part of this Terms Agreement to the same extent as if such provisions had been set forth in full herein. Nothing contained herein or in the Distribution Agreement shall make any party hereto an agent of the Company or make such party subject to the provisions therein relating to the solicitation of offers to purchase Securities from the Company, solely by virtue of its execution of this Terms Agreement. Each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Terms Agreement, except that each representation and warranty in Section 1 of the Distribution Agreement which makes reference to the Registration Statement or the Prospectus shall be deemed to be a representation and warranty as of the date of the Distribution Agreement in relation to the Registration Statement or the Prospectus (each as therein defined), and also a representation and warranty as of the date of this Terms Agreement in relation to the Registration Statement or the Prospectus as amended and supplemented in relation to the Purchased Securities.

An amendment to the Registration Statement, or a supplement to the Prospectus, or a Term Sheet, as the case may be, relating to the Purchased Securities, in the form heretofore delivered to you, is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Distribution Agreement incorporated herein by reference, the Company agrees to issue and sell to [Name(s) of Agent(s)] and [Name(s) of Agent(s)] agree[s] to purchase from the Company the Purchased Securities, at the time and place, in the principal amount and at the purchase price set forth in Schedule I hereto.

If the foregoing is in accordance with your understanding, please sign and return to us [ ] counterparts hereof, and, upon acceptance hereof by you, this letter and such acceptance hereof, including those provisions of the Distribution Agreement incorporated herein by reference, shall constitute a binding agreement between you and the Company.

AMERICAN INTERNATIONAL GROUP, INC.

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

Accepted:

[Name(s) of Agent(s)]

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

SCHEDULE I TO ANNEX I

Title of Purchased Securities: Medium-Term Notes, Series \_\_\_\_\_

Aggregate Principal Amount: [\$\_\_\_\_\_] or units of other Specified Currency

Price to Public: \_\_\_\_\_

Applicable Time: [time of day, month, day and year]

Purchase Price by [Name(s) of Agent(s)]: \_\_\_\_\_% of the principal amount of the Purchased Securities[\_\_\_\_\_, plus accrued interest from \_\_\_\_\_ to \_\_\_\_\_] [and accrued amortization, if any, from \_\_\_\_\_ to \_\_\_\_\_]

Method of and Specified Funds for Payment of Purchase Price: [By certified or official bank check or checks, payable to the order of the Company, in [New York] Clearing House] [immediately available] funds]

[By wire transfer to a bank account specified by the Company in [next day] [immediately available] funds]

Indenture: Indenture, dated as of [\_\_\_\_], 2006, between the Company and The Bank of New York, as Trustee

Time of Delivery: \_\_\_\_\_

Closing Location for Delivery of Securities: \_\_\_\_\_

Maturity Date: \_\_\_\_\_

Interest Rate: [\_\_\_\_%]

Interest Payment Dates: [months and dates]

Regular Record Dates: [months and dates]

Documents to be Delivered: The following documents referred to in the Distribution Agreement shall be delivered as a condition to the Closing:  
[None]

- [1. The officers' certificate referred to in Section 4(g).]
- [2. The opinions of counsel to the Company referred to in Section 4(h).]
- [3. The accountants' letter referred to in Section 4(i).]

(a) Issuer Free Writing Prospectuses:

[Term Sheet in the form set forth in Annex II of the Distribution Agreement, but only if the Company is requested by the Agent(s) to prepare and file such term sheet pursuant to Section 4(a) of the Distribution Agreement.]

(b) Additional Information in Pricing Disclosure Package:

[List any free writing prospectus, other than the Term Sheet, that the Company and the Agent(s) have expressly agreed in writing to include as part of the Pricing Disclosure Package]

## FORM OF TERM SHEET

[To be modified as appropriate and completed prior to the Applicable Time]

AMERICAN INTERNATIONAL GROUP, INC.

TITLE OF PURCHASED SECURITIES: \_\_\_\_\_

AGGREGATE PRINCIPAL AMOUNT OFFERED: \_\_\_\_\_

PRICE TO PUBLIC: \_\_\_\_\_

SETTLEMENT DATE: \_\_\_\_\_

MANAGING UNDERWRITER(S): \_\_\_\_\_

[UNDERWRITING DISCOUNT/  
PURCHASE PRICE BY  
UNDERWRITER(S):] \_\_\_\_\_

MATURITY DATE: \_\_\_\_\_

INTEREST RATE: \_\_\_\_\_

INTEREST PAYMENT DATES: \_\_\_\_\_

INTEREST RESET DATES: \_\_\_\_\_

REDEMPTION PROVISIONS: \_\_\_\_\_

[RATINGS/TREASURY BENCHMARK/TREASURY PRICE AND YIELD/SPREAD TO TREASURY/REOFFER  
YIELD/MINIMUM DENOMINATIONS/OTHER PROVISIONS:]

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternately, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free \_\_\_\_\_.

FORM OF OPINION OF SULLIVAN & CROMWELL LLP

[Date]

[Name of Agent(s)]  
[Address(es)]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ladies and Gentlemen:

[USE THE FOLLOWING IF THE OPINION IS BEING DELIVERED AT COMMENCEMENT

- - - In connection with the execution today by you and American International Group, Inc., a Delaware corporation (the "Company"), of the Distribution Agreement, dated [\_\_], 2006 (the "Distribution Agreement"), relating to the Company's Medium-Term Notes, Series [\_\_\_\_], at an initial offering price of up to \$25,139,770,000 aggregate principal amount (or, if any notes are to be issued at original issue discount, such aggregate amount as shall result in aggregate net proceeds not in excess of \$[\_\_\_\_], or the equivalent of \$[\_\_\_\_] in one or more foreign or composite currencies)(such series of securities being hereinafter referred to as the "Series" and any securities to be issued from time to time as part of the Series on or after the date hereof being hereinafter referred to individually as a "Security" and collectively as the "Securities"), to be issued pursuant to the Indenture, dated as of [\_\_], 2006 (the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee"),]

[USE THE FOLLOWING IF THE OPINION IS NOT BEING DELIVERED AT A TIME OF DELIVERY --

In connection with the offering and sale from time to time by you of the Medium-Term Notes, Series [\_\_\_\_] of American International Group, Inc., a Delaware corporation (the "Company"), at an initial offering price of up to \$25,139,770,000 aggregate principal amount (or, if any notes are to be issued at original issue discount, such aggregate amount as shall result in aggregate net proceeds not in excess of \$[\_\_\_\_], or the equivalent of \$[\_\_\_\_] in one or more foreign or composite currencies)(such series of securities being hereinafter referred to as the "Series" and any securities to be issued from time to time as part of the Series on or after the date hereof being hereinafter referred to individually as a "Security" and collectively as the "Securities"), to be issued pursuant to the Indenture, dated as of [\_\_], 2006 (the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee"),]

[USE THE FOLLOWING IF THE OPINION IS BEING DELIVERED AT A TIME OF DELIVERY --

In connection with the [several] purchase[s] today by you [and the other Agents named in Schedule I to][pursuant to] the Terms Agreement, dated [\_\_], 200[ ] (the "Terms Agreement"), between American International Group, Inc., a Delaware corporation (the "Company"), and you (the "Agent[s]")(which Terms Agreement incorporates by reference certain provisions of the Distribution Agreement, dated [\_\_], 2006 (the "Distribution Agreement"), between the Company and you), of \$[\_\_\_\_] aggregate principal amount of the Company's [\_\_\_\_] Notes due [\_\_\_\_] (the "Securities") issued pursuant to the Indenture, dated as of [\_\_] 2006 (the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee"),]

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 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 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.

[USE THE FOLLOWING IF THE OPINION IS NOT BEING DELIVERED AT A TIME OF DELIVERY -- (3) The Series has been duly authorized and established in conformity with the Indenture and, when the terms of a particular Security and of its issuance and sale have been duly authorized and established by all necessary corporate action in conformity with the Indenture, and such Security has been duly completed, executed, authenticated and issued in accordance with the Indenture and delivered against payment in accordance with the Distribution Agreement, such Security 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.]

[USE THE FOLLOWING IF THE OPINION IS BEING DELIVERED AT A TIME OF DELIVERY -- (3) The Securities have been duly authorized, executed, authenticated, issued and delivered and 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 Distribution Agreement [USE THE FOLLOWING IF THE OPINION IS BEING DELIVERED AT A TIME OF DELIVERY -- and the Terms Agreement] [has][have] been duly authorized, executed and delivered by the Company.

[USE THE FOLLOWING IF THE OPINION IS NOT BEING DELIVERED AT A TIME OF DELIVERY -- In connection with our opinion set forth in paragraph (3) above, we have assumed that at the time of the issuance, sale and delivery of each particular Security the authorization of the Series will not have been modified or rescinded and, with respect to each Security, that such Security will conform to one of the forms of Securities examined by us.

In connection with our opinion set forth in paragraph (3) above, we have assumed that at the time of the issuance, sale and delivery of each particular Security there will not have occurred any change in law affecting the validity, legally binding character or enforceability of such Security and that the issuance, sale and delivery of such Security, all of the terms of such Security and the performance by the Company of its obligations thereunder will comply with applicable law and with each requirement or restriction imposed by any court or governmental body having jurisdiction over the Company and will not result in a default under or a breach of any agreement or instrument then binding upon the Company.]

[USE THE FOLLOWING IF THE OPINION IS NOT BEING DELIVERED AT A TIME OF DELIVERY OR IF THE SECURITIES ARE DENOMINATED IN A NON-U.S. DOLLAR CURRENCY -- In connection with our opinion set forth in paragraph (3) above, we note that, as of the date of this opinion, a judgment for money in an action based on Securities denominated in foreign currencies or currency units in a Federal or state court in the United States ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of



conversion of the foreign currency or currency unit in which a particular Security is denominated into U.S. dollars will depend upon various factors, including which court renders the judgment. In the case of a Security denominated in a foreign currency, a state court in the State of New York rendering a judgment on such Security would be required under Section 27 of the New York Judiciary Law to render such judgment in the foreign currency in which the Security is denominated, and such judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment.]

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 express no opinion as to the effect of the laws of any other jurisdiction.

[USE THE FOLLOWING IF THE OPINION IS NOT BEING DELIVERED AT A TIME OF DELIVERY -- Also, 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 and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.]

[USE THE FOLLOWING IF THE OPINION IS BEING DELIVERED AT A TIME OF DELIVERY -- Also, 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 Securities conform to the specimens thereof examined by us, that the Trustee's certificates of authentication of the Securities have been manually signed by one of the Trustee's authorized officers, 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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[Date]

[Name of Agent(s)]  
[Address(es)]

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Ladies and Gentlemen:

This is with reference to the registration under the Securities Act of 1933 (the "Act") and offering of [USE THE FOLLOWING IF THE LETTER IS NOT BEING DELIVERED AT A TIME OF DELIVERY -- up to \$25,139,770,000 aggregate principal amount (or, if any notes are issued at original issue discount, such aggregate amount as shall result in aggregate net proceeds not in excess of \$[\_\_\_\_], or the equivalent of \$[\_\_\_\_] in one or more foreign or composite currencies) of Medium-Term Notes, Series [\_\_\_\_]][USE THE FOLLOWING IF THE LETTER IS BEING DELIVERED AT A TIME OF DELIVERY -- \$[\_\_\_\_] aggregate principal amount of [\_\_\_\_] Notes due [\_\_\_\_]] (the "Securities") of American International Group, Inc. (the "Company").

The Registration Statement relating to the Securities was filed 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. [USE THE FOLLOWING IF THE LETTER IS NOT BEING DELIVERED AT A TIME OF DELIVERY -- The Securities will be offered by the Prospectus dated July 24, 2006 (the "Basic Prospectus"), as supplemented by the Prospectus Supplement dated [\_\_], 2006 (the "Prospectus Supplement"). The Basic Prospectus will be further supplemented by pricing supplements, each of which will be dated approximately as of the date of sale of particular Securities and will furnish information as to the specific terms thereof.][USE THE FOLLOWING IF THE LETTER IS BEING DELIVERED AT A TIME OF DELIVERY -- The Securities have been offered by the Prospectus dated July 24, 2006 (the "Basic Prospectus"), as supplemented by the Prospectus Supplement, dated [\_\_], 2006 (the "Prospectus Supplement"), and the Pricing Supplement No. [\_\_], dated [\_\_] (the "Pricing Supplement").] The Basic Prospectus, as so supplemented, 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 [and][\_\_\_\_,] the Prospectus Supplement [and the Pricing Supplement], [USE THE FOLLOWING IF THE LETTER IS BEING DELIVERED AT A TIME OF DELIVERY - and the documents listed in Schedule A hereto (those listed documents, taken together with the Basic Prospectus [and][\_\_\_\_,] the Prospectus Supplement [and Pricing Supplement], 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][Pricing Supplement] and the time of delivery of this letter, we participated in further discussions with your representatives and those of the Company and its accountants concerning certain portions of the Prospectus [and] reviewed certificates of certain officers of the Company [\_\_\_\_, letters 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 Act, we confirm to you

that, in our opinion, each part of the Registration Statement, as of its latest effective date, and the Basic Prospectus, as supplemented by the Prospectus Supplement [and the Pricing Supplement], as of [USE THE FOLLOWING IF THE LETTER IS NOT BEING DELIVERED AT A TIME OF DELIVERY -- the date and time of delivery of this letter][USE THE FOLLOWING IF THE LETTER IS BEING DELIVERED AT A TIME OF DELIVERY -- the date of the Pricing Supplement], appeared on their face to be appropriately responsive, in all material respects, to the requirements of the Act, the Trust Indenture Act of 1939 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,

(a) any part of the Registration Statement, as of its latest effective date, 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

[USE THE FOLLOWING IF THE LETTER IS BEING DELIVERED AT A TIME OF DELIVERY -- (b) the Pricing Disclosure Package, as of [\_\_:00] [A/P].M. on [\_\_\_\_] (which you have informed us is prior to the time of the first sale of the Securities by any Agent), [when considered together with the price to the public and underwriting discount for the Securities set forth on the cover of the Pricing Supplement and the statements made under the caption[s] ["Description of Securities" in the Prospectus],] 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]

[(b)][(c)] the Basic Prospectus, as supplemented by the Prospectus Supplement [and the Pricing Supplement], as of [the date of the Prospectus Supplement][the date of the Pricing 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.

[USE THE FOLLOWING IF THE LETTER IS BEING DELIVERED AT A TIME OF DELIVERY -- 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 the Pricing Disclosure Package, [when considered together with the price to the public [INSERT ONLY IF UNDERWRITING DISCOUNT IS MATERIAL -- and underwriting discount]for the Securities set forth on the cover of the Pricing Supplement and the statements made under the caption[s] ["Description of Securities" in the Prospectus,] 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 lights 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, any Post-Effective Amendment thereto, the Basic Prospectus [or][\_\_\_\_,] the Prospectus Supplement [or][\_\_\_\_,][the Pricing Supplement][or the Pricing Disclosure Package], except for those made under the captions "Description of Debt Securities We May Offer" in the Basic Prospectus and "Description of Notes We May Offer" in the Prospectus Supplement, in each case insofar as they relate to provisions of the Securities, the Indenture under which the Securities are to be issued and the Distribution Agreement relating to the Securities therein described, and except for those made under the caption "United States Taxation" in the Prospectus Supplement, insofar as they relate to provisions of U.S. Federal income 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, any Post-Effective Amendment thereto, the Basic Prospectus [or][\_\_\_\_,] the Prospectus Supplement [or][\_\_\_\_,][the Pricing 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 auditor's

attestation report thereon, each as included in the Registration Statement, the Basic Prospectus [or][\_\_\_\_\_,] the Prospectus Supplement [or][\_\_\_\_\_,][the Pricing Supplement] [or the Pricing Disclosure Package], or as to the statement of the eligibility and qualification of the Trustee under the Indenture under which the Securities are being issued.

This letter is furnished by us, as counsel to the Company, to you[, as Representatives of the Agents,] solely for [your][the] benefit [in your capacity as Agent][of the Agents in their capacity as such], and may not be relied on 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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AIII-6

SCHEDULE A

[List documents other than the Basic Prospectus and the Prospectus Supplement that are included in the Pricing Disclosure Package]

AIII-7

## FORM OF OPINION OF IN-HOUSE COUNSEL TO THE COMPANY

(i) The Company has an authorized capitalization as set forth in the Prospectus as amended or supplemented;

(ii) To the best knowledge and information of such counsel, 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 Prospectus as amended or supplemented, which are not disclosed and properly described therein;

(iii) The issue and sale of the Securities (provided that the terms of such Securities shall have been established by all necessary corporate action in conformity with the Indenture), and the compliance by the Company with all of the provisions of the Securities, the Indenture, the Distribution Agreement and any Terms 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 of such opinion and known to such counsel, 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 have 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 in effect on the date of such opinion; and 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 issue and sale of the Securities or the consummation by the Company of the other transactions contemplated by this Agreement (and any applicable Terms Agreement) or the Indenture, except such as have been obtained under the Act and the Trust Indenture Act and 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 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 solicitation by the Agents of the Company of offers to purchase Securities and with purchases of Securities by the Agents and any other firms as principals, as the case may be, both as contemplated by this Agreement (and any applicable Terms Agreement);

(iv) Nothing which came to the attention of such counsel has caused such counsel 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

[USE THE FOLLOWING IF THE LETTER IS BEING DELIVERED AT A TIME OF DELIVERY -- (b) the Pricing Disclosure Package, as of [\_\_:00] [A/P].M. on [\_\_] (which such Agent has informed such counsel is prior to the time of the first sale of the Securities by any Agent), [when

considered together with the price to the public and underwriting discount for the Securities set forth on the cover of the Pricing Supplement and the statements made under the caption ["Description of Securities" in the Prospectus],) 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]

[(b)][(c)] the Prospectus as amended and supplemented [including by the Pricing Supplement], as of [the date of the Pricing 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; or

[(c)][(d)] the Pricing Disclosure Package, [when considered together with the price to the public and underwriting discount for the Securities set forth on the cover of the Pricing Supplement and the statements made under the caption[s] ["Description of Securities"] in the Prospectus,], 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 lights of the circumstances under which they were made, not misleading; and

(v) the documents incorporated by reference in the Prospectus as amended or supplemented, 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 Exchange Act and the rules and regulations thereunder

Such counsel may state that, in rendering his or her opinion in paragraph (iv), such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, any Post-Effective Amendment thereto, the Prospectus as amended and supplemented [or][,][the Pricing Supplement][or the Pricing Disclosure Package], except for those made under the captions "Description of Debt Securities We May Offer" in the and "Description of Notes We May Offer" in the Prospectus as amended and supplemented, in each case insofar as they relate to provisions of the Securities, the Indenture under which the Securities are to be issued and the Distribution Agreement relating to the Securities therein described. Also, in rendering his or her opinion in paragraph (iv), such counsel need not express any opinion or belief as to the financial statements or other financial data derived from accounting records contained in the Registration Statement, any Post-Effective Amendment thereto, the Prospectus as amended or supplemented [or][,][the Pricing Supplement] [or the Pricing Disclosure Package], or as to the statement of the eligibility and qualification of the Trustee under the Indenture under which the Securities are being issued.

In rendering his or her opinion in paragraph (v), such counsel need not express any opinion or belief as to the financial statements or other financial or statistical data contained in the Prospectus as amended or supplemented.

FORM OF LETTER OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

American International Group, Inc.

and

The Agents 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, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 included in the Company's annual report on Form 10-K/A for the year ended December 31, 2005 (the "Form 10-K/A"),
2. the related financial statement schedules included in the Company's annual report on Form 10-K for the year ended December 31, 2005 as filed with the Securities Exchange Commission (the "SEC") on March 16, 2006 and in the Form 10-K/A,
3. management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005 included in the Company's annual report on Form 10-K for the year ended December 31, 2005 and
4. the effectiveness of the Company's internal control over financial reporting as of December 31, 2005

The consolidated financial statements, financial statement schedules and management's assessment referred to above are all incorporated by reference in the registration statement (No. 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 statement. Such registration statement as amended as of July 24, 2006, of which the Prospectus dated July 24, 2006 forms a part, as supplemented by the Prospectus Supplement dated October 12, 2006 for the offering of the Company's U.S. \$25,139,770,000 Medium-Term Notes, is herein referred to as the "Registration Statement."

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 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 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, 2005; although we have conducted an audit for the year ended December 31, 2005, 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, 2005 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 sheets as of March 31, 2006 and June 30, 2006 and the unaudited consolidated statements of income, of cash flows and of comprehensive income (loss) included in the Company's quarterly reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006, 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, 2005. Also, we have not audited the Company's internal control over financial reporting as of any date subsequent to December 31, 2005. Therefore, we do not express any opinion on the Company's internal control over financial reporting as of any date subsequent to December 31, 2005.
4. For purposes of this letter, we have read the minutes of the 2006 meetings of the Board of Directors of the Company and the Audit Committee, the Compensation Committee, Finance Committee, the Nominating and Corporate Governance Committee, the Public Policy and Social Responsibility Committee and the Regulatory, Compliance and Legal Committee of the Board of Directors and the Complex Structured Finance Transactions Committee as set forth in the minute books at October 11, 2006. 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 Audit Committee's September 13, 2006 meeting, the Finance Committee's September 7, 2006 meeting, the Board of Directors' September 19, 2006 meeting, the Regulatory, Compliance & Legal Committee's September 6, 2006 meeting, the Complex Structured Finance Transactions Committee's August 8, 2006 and September 28, 2006 meetings and the Public Policy and Social Responsibility Committee's July 20, 2006 meeting 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 the substantive actions taken at such meetings. We have carried out other procedures to October 11, 2006 (our work did not extend to October 12, 2006) as follows:

With respect to the three-month periods ended March 31, 2006 and 2005 and the three-month and six-month periods ended June 30, 2006 and 2005, we have:

- (i) performed the procedures (completed the procedures related to March 31, 2006 on May 10, 2006 and the procedures related to June 30, 2006 on August 9, 2006) 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 period ended March 31, 2006 and 2005, for the three- and six-month periods ended June 30, 2006 and 2005 included in the Company's quarterly reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006, 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 Form 10-Q and the related rules and regulations adopted by the SEC [AND FOUND THEM TO BE ON A BASIS SUBSTANTIALLY CONSISTENT WITH THAT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS].

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(i), 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(i) 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 Form 10-Q and the related rules and regulations adopted by the SEC [OR WOULD NOT BE ON A BASIS SUBSTANTIALLY CONSISTENT WITH THAT OF THE AUDITED FINANCIAL STATEMENTS, EXCEPT AS DESCRIBED IN THE NEXT PARAGRAPH].

It should be noted that effective January 1, 2006 the Company adopted FAS 155 "Accounting for Certain Hybrid Financial Instruments", FSP FTB 85-4-1 "Accounting for Life Settlements Contracts by Third-Party Investors" and FAS 123R "Shared-Based Payment".

6. Company officials have advised us that no consolidated financial data as of any date or for any period subsequent to June 30, 2006 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after June 30, 2006 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 October 11, 2006 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 June 30, 2006 consolidated balance sheet incorporated by reference in the Registration Statement; or (b) for the period from July 1, 2006 to October 11, 2006, there were any decreases, 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 June 30, 2006, they are not in a position to comment on whether there was any such change, increase or decrease.

7. This letter is solely for the information of the addressees and to assist the agents 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 within or without the underwriting group 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 distribution agreement or in any list of closing documents pertaining to the offering of the securities covered by the Registration Statement.

Yours very truly,

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AV-4

Schedule I

AIG Financial Securities Corp.  
ABN AMRO Incorporated  
Banc of America Securities LLC  
Banca IMI S.p.A.  
BMO Capital Markets Corp.  
Barclays Capital Inc.  
Bear, Stearns & Co. Inc.  
BNP Paribas Securities Corp.  
BNY Capital Markets, Inc.  
Calyon Securities (USA) Inc.  
Citigroup Global Markets Inc.  
Credit Suisse Securities (USA) LLC  
Daiwa Securities America Inc.  
Daiwa Securities SMBC Europe Limited  
Deutsche Bank Securities  
Goldman, Sachs & Co.  
Greenwich Capital Markets, Inc.  
HSBC Securities (USA) Inc.  
J.P. Morgan Securities Inc.  
Lehman Brothers Inc.  
McDonald Investments Inc.  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Mitsubishi UFJ Securities International plc  
Morgan Stanley & Co. Incorporated  
RBC Capital Markets Corporation  
Santander Investment Securities Inc.  
Scotia Capital (USA) Inc.  
SG Americas Securities, LLC  
TD Securities (USA) LLC  
UBS Securities LLC  
Wachovia Capital Markets, LLC

## AGENTS

AIG Financial Securities Corp.  
ABN AMRO Incorporated  
Banc of America Securities LLC  
Banca IMI S.p.A. (Corso Matteotti 6, 20121 Milan, Italy)  
BMO Capital Markets Corp.  
Barclays Capital Inc. (200 Park Avenue, New York, NY, 10166, Attn: MTN Trading,  
Facsimile: (212) 412-7606)  
Bear, Stearns & Co. Inc.  
BNP Paribas Securities Corp.  
BNY Capital Markets, Inc.  
Calyon Securities (USA) Inc.  
Citigroup Global Markets Inc.  
Credit Suisse Securities (USA) LLC  
Daiwa Securities America Inc.  
Daiwa Securities SMBC Europe Limited  
Deutsche Bank Securities  
Goldman, Sachs & Co.  
Greenwich Capital Markets, Inc.  
HSBC Securities (USA) Inc.  
J.P. Morgan Securities Inc.  
Lehman Brothers Inc.  
McDonald Investments Inc.  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Mitsubishi UFJ Securities International plc  
Morgan Stanley & Co. Incorporated  
RBC Capital Markets Corporation  
Santander Investment Securities Inc.  
Scotia Capital (USA) Inc.  
SG Americas Securities, LLC  
TD Securities (USA) LLC  
UBS Securities LLC  
Wachovia Capital Markets, LLC

AMERICAN INTERNATIONAL GROUP, INC.  
ADMINISTRATIVE PROCEDURE

This Administrative Procedure relates to the Securities defined in the Distribution Agreement, dated October [11], 2006 (the "DISTRIBUTION AGREEMENT"), between American International Group, Inc. (the "COMPANY") and the Agents listed in Annex VI (individually, an "AGENT" and collectively, the "AGENTS"), to which this Administrative Procedure is attached as Attachment A. Defined terms used herein and not defined herein shall have the meanings given such terms in the Distribution Agreement, the Prospectus as amended or supplemented or the Indenture.

The procedures to be followed with respect to the settlement of sales of Securities directly by the Company to purchasers solicited by an Agent, as agent, are set forth below. The terms and settlement details related to a purchase of Securities by an Agent, as principal, from the Company will be set forth in a Terms Agreement pursuant to the Distribution Agreement, unless the Company and such Agent otherwise agree as provided in Section 2(b) of the Distribution Agreement, in which case the procedures to be followed in respect of the settlement of such sale will be as set forth below. An Agent, in relation to a purchase of a Security by a purchaser solicited by such Agent, is referred to herein as the "SELLING AGENT" and, in relation to a purchase of a Security by such Agent, as principal, other than pursuant to a Terms Agreement, as the "PURCHASING AGENT".

The Company will advise each Agent in writing of those persons with whom such Agent is to communicate regarding offers to purchase Securities and the related settlement details.

Each Security will be issued only in fully registered form and will be represented by either a global security (a "GLOBAL SECURITY") delivered to the Trustee, as agent for The Depository Trust Company (the "DEPOSITARY") and recorded in the book-entry system maintained by the Depository (a "BOOK-ENTRY SECURITY") or a certificate issued in definitive form (a "CERTIFICATED SECURITY") delivered to a person designated by an Agent, as set forth in the applicable Pricing Supplement. An owner of a Book-Entry Security will not be entitled to receive a certificate representing such a Security, except as provided in the Indenture.

Book-Entry Securities will be issued in accordance with the Administrative Procedure set forth in Part I hereof, and Certificated Securities will be issued in accordance with the Administrative Procedure set forth in Part II hereof.

## PART I: ADMINISTRATIVE PROCEDURE FOR BOOK-ENTRY SECURITIES

In connection with the qualification of the Book-Entry Securities for eligibility in the book-entry system maintained by the Depository, the Trustee will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Blanket Letter of Representations from the Company and the Trustee to the Depository, dated September 30, 2005, and a Medium-Term Note Certificate Agreement between the Trustee and the Depository, dated as of April 14, 1989 (the "CERTIFICATE AGREEMENT"), and its obligations as a participant in the Depository, including the Depository's Same-Day Funds Settlement System ("SDFS").

Posting Rates by the Company:

The Company and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Book-Entry Securities that may be sold as a result of the solicitation of offers by an Agent. The Company may establish a fixed set of interest rates and maturities for an offering period ("POSTING"). If the Company decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

Acceptance of Offers by the Company:

Each Agent will promptly advise the Company by telephone or other appropriate means of all reasonable offers to purchase Book-Entry Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Company to purchase Book-Entry Securities as a Purchasing Agent. The Company will have the sole right to accept offers to purchase Book-Entry Securities and may reject any such offer in whole or in part.

The Company will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to purchase Book-Entry Securities. If the Company accepts an offer to purchase Book-Entry Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Trustee.

Communication of Sale Information to the Company by Agent and Settlement Procedures:

A. After the acceptance of an offer by the Company, the Selling Agent or Purchasing Agent, as the case may be, will communicate promptly, but in no event later than the time set forth under "Settlement Procedure Timetable" below, the following details of the terms of such offer (the "SALE INFORMATION") to the Company by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

- (1) Principal Amount of Book-Entry Securities to be purchased;
- (2) If a Fixed Rate Book-Entry Security, the interest rate and initial interest payment date;
- (3) Trade Date;
- (4) Settlement Date;
- (5) Maturity Date;
- (6) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency;
- (7) Issue Price;
- (8) Selling Agent's commission or Purchasing Agent's discount, as the case may be;
- (9) Net Proceeds to the Company;
- (10) If a redeemable Book-Entry Security, such of the following as are applicable:
  - (i) Redemption Commencement Date,
  - (ii) Initial Redemption Price (% of par), and

- (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date;
- (11) If a Floating Rate Book-Entry Security, such of the following as are applicable:
- (i) Interest Rate Basis,
  - (ii) Index Maturity,
  - (iii) Spread or Spread Multiplier,
  - (iv) Maximum Rate,
  - (v) Minimum Rate,
  - (vi) Initial Interest Rate,
  - (vii) Interest Reset Dates,
  - (viii) Interest Calculation Dates,
  - (ix) Interest Determination Dates,
  - (x) Interest Payment Dates,
  - (xi) Regular Record Dates, and
  - (xii) Calculation Agent;
- (12) Name, address and taxpayer identification number of the registered owner(s);
- (13) Denomination of certificates to be delivered at settlement;
- (14) Book-Entry Security or Certificated Security; and
- (15) Selling Agent or Purchasing Agent.

B. After receiving the Sale Information from the Selling Agent or Purchasing Agent, as the case may be, the Company will communicate such Sale Information to the Trustee by facsimile transmission or other acceptable written means. The Trustee will assign a CUSIP number to the Global Security from a list of CUSIP numbers previously delivered to the Trustee by the Company representing such Book-Entry Security and then advise the Company and the Selling Agent or Purchasing Agent, as the case may be, of such CUSIP number.

C. The Trustee will enter a pending deposit message through the Depository's Participant Terminal System, providing the following settlement information to the Depository, and the Depository shall forward such information to such Agent and Standard & Poor's Ratings Group:

- (1) The applicable Sale Information;
- (2) CUSIP number of the Global Security representing such Book-Entry Security;
- (3) Whether such Global Security will represent any other Book-Entry Security (to the extent known at such time);
- (4) Number of the participant account maintained by the Depository on behalf of the Selling Agent or Purchasing Agent, as the case may be, which number will be supplied by such Selling Agent or Purchasing Agent;
- (5) The interest payment period; and
- (6) Initial Interest Payment Date for such Book-Entry Security, number of days by which such date succeeds the record date for the Depository's purposes (or, in the case of Floating Rate Securities which reset daily or weekly, the date five calendar days immediately preceding the applicable



Interest Payment Date and, in the case of all other Book-Entry Securities, the Regular Record Date, as defined in the Security) and, if calculable at that time, the amount of interest payable on such Interest Payment Date.

D. The Trustee will complete and authenticate the Global Security previously delivered by the Company representing such Book-Entry Security.

E. The Depository will credit such Book-Entry Security to the Trustee's participant account at the Depository.

F. The Trustee will enter an SDFS deliver order through the Depository's Participant Terminal System instructing the Depository to (i) debit such Book-Entry Security to the Trustee's participant account and credit such Book-Entry Security to such Agent's participant account and (ii) debit such Agent's settlement account and credit the Trustee's settlement account for an amount equal to the price of such Book-Entry Security less such Agent's commission or discount, as the case may be. The entry of such a deliver order shall constitute a representation and warranty by the Trustee to the Depository that (a) the Global Security representing such Book-Entry Security has been authenticated and issued and (b) the Trustee is holding such Global Security pursuant to the Certificate Agreement.

G. Such Agent will enter an SDFS deliver order through the Depository's Participant Terminal System instructing the Depository (i) to debit such Book-Entry Security to such Agent's participant account and credit such Book-Entry Security to the participant accounts of the Participants with respect to such Book-Entry Security and (ii) to debit the settlement accounts of such Participants and credit the settlement account of such Agent for an amount equal to the price of such Book-Entry Security.

H. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "F" and "G" will be settled in accordance with SDFS operating procedures in effect on the settlement date.

I. Upon confirmation of receipt of funds, the Trustee will transfer to the account of the Company maintained at The Bank of New York, New York, New York, DDA Account No. [8230122580], or such other account as the Company may have previously specified to the Trustee, in funds available for immediate use in the amount transferred to the Trustee in accordance with Settlement Procedure "F".

J. Upon request, the Trustee will send to the Company a statement setting forth the principal amount of Book-Entry Securities outstanding as of that date under the Indenture.

K. Such Agent will confirm the purchase of such Book-Entry Security to the purchaser either by transmitting to the participants with respect to such Book-Entry Security a confirmation order or orders through the Depository's institutional delivery system or by mailing a written confirmation to such purchaser.

Preparation of Pricing Supplement and, if applicable, Term Sheet:

If the Company accepts an offer to purchase a Book-Entry Security, it will prepare a Pricing Supplement reflecting the terms of such Book-Entry Security and arrange to have delivered to the Selling Agent or Purchasing Agent, as the case may be, at least ten copies of such Pricing Supplement, with a copy to the Trustee, as provided under "Delivery of Confirmation and Prospectus to Purchaser by Selling Agent" below. If applicable, the Term Sheet reflecting the terms of such Security will be prepared by such Agent and at least 10 copies will be delivered by such Agent to the Company, with a copy to the Trustee, as provided under "Delivery of Confirmation and Prospectus to Purchaser by Selling Agent" below. The Company will arrange to have the Pricing Supplement filed with, or transmitted by a means reasonably calculated to result in filing with, the Commission via the Commission's EDGAR System pursuant to Rule 424 under the Act and, if applicable, will file the Term Sheet in accordance with Rule 433.

Delivery of Confirmation and Prospectus to Purchaser by Selling Agent:

The Selling Agent will deliver to the purchaser of a Book-Entry Security a written confirmation of the sale and delivery and payment instructions. In addition, the Selling Agent will deliver to such purchaser or its agent the Prospectus as amended or supplemented (including the Pricing Supplement) and, if applicable, the Term Sheet in relation to such Book-Entry Security prior to the first contract for sale of the Book-Entry Security.

Date of Settlement:

The receipt by the Company of immediately available funds in payment for a Book-Entry Security and the authentication and issuance of the Global Security representing such Book-Entry Security shall constitute "settlement" with respect to such Book-Entry Security. All orders of Book-Entry Securities solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Company on a particular date (the "TRADE DATE") will be settled on a date (the "SETTLEMENT DATE") which is the third Business Day after the Trade Date pursuant to the "SETTLEMENT PROCEDURE TIMETABLE" set forth below, unless the Company and the purchaser agree to settlement on another Business Day which shall be no earlier than the next Business Day after the Trade Date.

Trustee Not to Risk Own Funds:

Nothing herein shall be deemed to require the Trustee to risk or expend its own funds in connection with any payments to the Company, the Agents or the Depository or any purchaser, it being understood by all parties that payments made by the Trustee to the Company or the Agents, or the Depository, or any purchaser shall be made only to the extent that funds are provided to the Trustee for such purpose.

Settlement Procedure Timetable:

For orders of Book-Entry Securities solicited by a Selling Agent and accepted by the Company for settlement on the third Business Day after the Trade Date, Settlement Procedures "A" through "I" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

SETTLEMENT  
PROCEDURE  
-----

TIME  
-----

A	5:00 p.m.	on the Business Day following the Trade Date or 10:00 a.m. on the Business Day prior to the Settlement Date, whichever is earlier
B	12:00 noon	on the second Business Day immediately preceding the Settlement Date
C	2:00 p.m.	on the second Business Day immediately preceding the Settlement Date
D	9:00 a.m.	on the Settlement Date
E	10:00 a.m.	on the Settlement Date
F-G	2:15 p.m.	on the Settlement Date
H	4:45 p.m.	on the Settlement Date
I	5:00 p.m.	on the Settlement Date

If the initial interest rate for a Floating Rate Book-Entry Security has not been determined at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rate has been determined but no later than 2:00 p.m. on the second Business Day immediately preceding the Settlement Date. Settlement Procedure "H" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

If settlement of a Book-Entry Security is rescheduled or canceled, the Trustee, upon obtaining knowledge thereof, will deliver to the Depository, through the Depository's Participant Terminal System, a cancellation message to such effect by no later than 2:00 p.m. on the Business Day immediately preceding the scheduled Settlement Date.

Failure to Settle:

If the Trustee fails to enter an SDFS deliver order with respect to a Book-Entry Security pursuant to Settlement Procedure "F", the Trustee may deliver to the Depository, through the Depository's Participant Terminal System, as soon as practicable a withdrawal message instructing the Depository to debit such Book-Entry Security to the Trustee's participant account, provided that the Trustee's participant account contains a principal amount of the Global Security representing such Book-Entry Security that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Securities represented by a Global Security, the Trustee will mark such Global Security "canceled", make appropriate entries in the Trustee's records and send such canceled Global Security to the Company. The CUSIP number assigned to such Global Security shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Securities represented by a Global Security, the Trustee will exchange such Global Security for two Global Securities, one of which shall represent such Book-Entry Security or Securities and shall be canceled immediately after issuance and the other of which shall represent the remaining Book-Entry Securities previously represented by the surrendered Global Security and shall bear the CUSIP number of the surrendered Global Security.

If the purchase price for any Book-Entry Security is not timely paid to the participants with respect to such Book-Entry Security by the beneficial purchaser thereof (or a person, including an indirect participant in the Depository, acting on behalf of such purchaser), such participants and, in turn, the Agent for such Book-Entry Security may enter deliver orders through the Depository's Participant Terminal System debiting such Book-Entry Security to such participant's account and crediting such Book-Entry Security to such Agent's account and then debiting such Book-Entry Security to such Agent's participant account and crediting such Book-Entry Security to the Trustee's participant account and shall notify the Company and the Trustee thereof. Thereafter, the Trustee will (i) promptly notify the Company of such order, and the Company shall transfer to such Agent funds available for immediate use in an amount equal to the price of such Book-Entry Security which was credited to the account of the Company maintained at the Trustee in accordance with Settlement Procedure I, and (ii) deliver the withdrawal message and take the related actions described in the preceding paragraph. If such failure shall have occurred for any reason other than default by the applicable Agent to perform its obligations hereunder or under the Distribution Agreement, the Company will reimburse such Agent on an equitable basis for the loss of its use of funds during the period when the funds were credited to the account of the Company.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Security, the Depository may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to one or more, but not all, of the Book-Entry Securities to have been represented by a Global Security, the Trustee will provide, in accordance with Settlement Procedure "D", for the authentication and issuance of a Global Security representing the other Book-Entry Securities to have been represented by such Global Security and will make appropriate entries in its records. The Company will, from time to time, furnish the Trustee with a sufficient quantity of Securities.

## PART II: ADMINISTRATIVE PROCEDURE FOR CERTIFICATED SECURITIES

### Posting Rates by Company:

The Company and the Agents will discuss from time to time the rates of interest per annum to be borne by and the maturity of Certificated Securities that may be sold as a result of the solicitation of offers by an Agent. The Company may establish a fixed set of interest rates and maturities for an offering period ("POSTING"). If the Company decides to change already posted rates, it will promptly advise the Agents to suspend solicitation of offers until the new posted rates have been established with the Agents.

### Acceptance of Offers by Company:

Each Agent will promptly advise the Company by telephone or other appropriate means of all reasonable offers to purchase Certificated Securities, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, reject any offer received by it in whole or in part. Each Agent also may make offers to the Company to purchase Certificated Securities as a Purchasing Agent. The Company will have the sole right to accept offers to purchase Certificated Securities and may reject any such offer in whole or in part.

The Company will promptly notify the Selling Agent or Purchasing Agent, as the case may be, of its acceptance or rejection of an offer to purchase Certificated Securities. If the

Company accepts an offer to purchase Certificated Securities, it will confirm such acceptance in writing to the Selling Agent or Purchasing Agent, as the case may be, and the Trustee.

Communication of Sale Information to Company by Agent:

After the acceptance of an offer by the Company, the Selling Agent or Purchasing Agent, as the case may be, will communicate the following details of the terms of such offer (the "SALE INFORMATION") to the Company by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means:

- (1) Principal Amount of Certificated Securities to be purchased;
- (2) If a Fixed Rate Certificated Security, the interest rate and initial interest payment date;
- (3) Trade Date;
- (4) Settlement Date;
- (5) Maturity Date;
- (6) Specified Currency and, if the Specified Currency is other than U.S. dollars, the applicable Exchange Rate for such Specified Currency;
- (7) Issue Price;
- (8) Selling Agent's commission or Purchasing Agent's discount, as the case may be;
- (9) Net Proceeds to the Company;
- (10) If a redeemable Certificated Security, such of the following as are applicable:
  - (i) Redemption Commencement Date,
  - (ii) Initial Redemption Price (% of par), and
  - (iii) Amount (% of par) that the Redemption Price shall decline (but not below par) on each anniversary of the Redemption Commencement Date;
- (11) If a Floating Rate Certificated Security, such of the following as are applicable:
  - (i) Interest Rate Basis,
  - (ii) Index Maturity,
  - (iii) Spread or Spread Multiplier,
  - (iv) Maximum Rate,
  - (v) Minimum Rate,
  - (vi) Initial Interest Rate,
  - (vii) Interest Reset Dates,
  - (viii) Interest Calculation Dates,
  - (ix) Interest Determination Dates,
  - (x) Interest Payment Dates,
  - (xi) Regular Record Dates, and
  - (xii) Calculation Agent;
- (12) Name, address and taxpayer identification number of the registered owner(s);
- (13) Denomination of certificates to be delivered at settlement;
- (14) Book-Entry Security or Certificated Security; and
- (15) Selling Agent or Purchasing Agent.



Preparation of Pricing Supplement and, if applicable, Term Sheet:

If the Company accepts an offer to purchase a Certificated Security, it will prepare a Pricing Supplement reflecting the terms of such Certificated Security and arrange to have delivered to the Selling Agent or Purchasing Agent, with a copy to the Trustee, as the case may be, at least ten copies of such Pricing Supplement, as provided under "Delivery of Confirmation and Prospectus to Purchaser by Selling Agent" below. If applicable, the Term Sheet reflecting the terms of such Security will be prepared by such Agent and at least 10 copies will be delivered by such Agent to the Company, with a copy to the Trustee, as provided under "Delivery of Confirmation and Prospectus to Purchaser by Selling Agent" below. The Company will arrange to have the Pricing Supplement filed with, or transmitted by a means reasonably calculated to result in filing with, the Commission via the Commission's EDGAR System pursuant to Rule 424 under the Act and, if applicable, will file the Term Sheet in accordance with Rule 433.

Delivery of Confirmation and Prospectus to Purchaser by Selling Agent:

The Selling Agent will deliver to the purchaser of a Certificated Security a written confirmation of the sale and delivery and payment instructions. In addition, the Selling Agent will deliver to such purchaser or its agent the Prospectus as amended or supplemented (including the Pricing Supplement) and, if applicable, the Term Sheet in relation to such Certificated Security prior to or together with the earlier of the delivery to such purchaser or its agent of (a) the confirmation of sale or (b) the Certificated Security.

Date of Settlement:

All offers of Certificated Securities solicited by a Selling Agent or made by a Purchasing Agent and accepted by the Company will be settled on a date (the "SETTLEMENT DATE") which is the third Business Day after the date of acceptance of such offer, unless the Company and the purchaser agree to settlement (a) on another Business Day after the acceptance of such offer or (b) with respect to an offer accepted by the Company prior to 10:00 a.m., New York City time, on the date of such acceptance.

Trustee Not to Risk Own Funds:

Nothing herein shall be deemed to require the Trustee to risk or expend its own funds in connection with any payments to the Company, the Agents or any purchaser, it being understood by all parties that payments made by the Trustee to the Company or the Agents, or any purchaser shall be made only to the extent that funds are provided to the Trustee for such purpose.

Instruction from Company to Trustee for Preparation of Certificated Securities:

After receiving the Sale Information from the Selling Agent or Purchasing Agent, as the case may be, the Company will communicate such Sale Information to the Trustee by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means.

The Company will instruct the Trustee by facsimile transmission or other acceptable written means to authenticate and deliver the Certificated Securities no later than 2:15 p.m., New York City time, on the Settlement Date. Such instruction will be given by the Company prior to 3:00 p.m., New York City time, on the Business Day immediately preceding the Settlement Date

unless the Settlement Date is the date of acceptance by the Company of the offer to purchase Certificated Securities in which case such instruction will be given by the Company by 11:00 a.m., New York City time.

Preparation and Delivery of Certificated Securities by Trustee and Receipt of Payment Therefor:

The Trustee will prepare each Certificated Security and appropriate receipts that will serve as the documentary control of the transaction.

In the case of a sale of Certificated Securities to a purchaser solicited by a Selling Agent, the Trustee will, by 2:15 p.m., New York City time, on the Settlement Date, make available for delivery the Certificated Securities to the Selling Agent for the benefit of the purchaser of such Certificated Securities against delivery by the Selling Agent of a receipt therefor. On the Settlement Date the Selling Agent will deliver payment for such Certificated Securities in immediately available funds to the Company in an amount equal to the issue price of the Certificated Securities less the Selling Agent's commission; provided that the Selling Agent reserves the right to withhold payment for which it has not received funds from the purchaser. The Company shall not use any proceeds advanced by a Selling Agent to acquire securities.

In the case of a sale of Certificated Securities to a Purchasing Agent, the Trustee will, by 2:15 p.m., New York City time, on the Settlement Date, make available for delivery the Certificated Securities to the Purchasing Agent against delivery of payment for such Certificated Securities in immediately available funds to the Company in an amount equal to the issue price of the Certificated Securities less the Purchasing Agent's discount.

Failure of Purchaser to Pay Selling Agent:

If a purchaser (other than a Purchasing Agent) fails to make payment to the Selling Agent for a Certificated Security, the Selling Agent will promptly notify the Trustee and the Company thereof by telephone (confirmed in writing) or by facsimile transmission or other acceptable written means. The Selling Agent will immediately return the Certificated Security to the Trustee. Immediately upon receipt of such Certificated Security by the Trustee, the Company will return to the Selling Agent an amount equal to the amount previously paid to the Company in respect of such Certificated Security. The Company will reimburse the Selling Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Company.

The Trustee will cancel the Certificated Security in respect of which the failure occurred and make appropriate entries in its records.



REGISTERED

AMERICAN INTERNATIONAL GROUP, INC.

MEDIUM-TERM NOTES, SERIES [G] [AIG-FP] [MP, MATCHED INVESTMENT PROGRAM]

(FORM OF FIXED RATE NOTE)

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.

NO.: \_\_\_\_\_

ORIGINAL ISSUE DATE: \_\_\_\_\_ PRINCIPAL AMOUNT: \_\_\_\_\_

INTEREST RATE: \_\_\_\_\_ MATURITY DATE: \_\_\_\_\_

AMERICAN INTERNATIONAL GROUP, INC. a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co. or registered assigns, the principal amount shown above on the Maturity Date shown above, and to pay interest thereon from the Original Issue Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, on the interest payment dates in each year, commencing on the first Interest Payment Date succeeding the Original Issue Date of this Security, at the interest rate per annum

shown above, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be [\_\_] or [\_\_] (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either 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 for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or 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 said Indenture.

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.

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.

(Face of Security continued on next page)

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

DATED: October \_\_, 2006

AMERICAN INTERNATIONAL GROUP, INC.

By: -----

Name: Steven J. Bensinger  
Title: Executive Vice President and  
Chief Financial Officer

Attest: -----

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

DATED: October \_\_, 2006

TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
This is one of the Securities of the  
series designated therein referred to in  
the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: -----

Authorized Signatory

AMERICAN INTERNATIONAL GROUP, INC.

FIXED RATE MEDIUM-TERM NOTES, SERIES [G] [AIG-FP] [MP, MATCHED INVESTMENT PROGRAM]

This Security is one of a duly authorized series of securities of the Company, issued and to be issued in one or more series under an Indenture dated as of October 12, 2006 (herein called the "Indenture"), between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and 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 (herein called the "Securities"), which is limited in aggregate principal amount to [\_\_].

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

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 institute any such proceeding, for 60 days after receipt of

(Reverse of Security continued on next page)

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 interest hereon on or after the respective due dates expressed herein.

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 any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

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 any integral multiples of \$1,000 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.

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

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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 _____
TEN ENT -- as tenants by the entireties		(Cust) (Minor)
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.

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

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_ attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

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

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

REGISTERED

AMERICAN INTERNATIONAL GROUP, INC.

MEDIUM-TERM NOTES, SERIES [G] [AIG-FP] [MP, MATCHED INVESTMENT PROGRAM]

(FORM OF FLOATING RATE NOTE)

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.

NO: \_\_\_\_\_ PRINCIPAL AMOUNT: \_\_\_\_\_

ORIGINAL ISSUE DATE: \_\_\_\_\_ INITIAL INTEREST RATE: \_\_\_\_\_

MATURITY DATE: \_\_\_\_\_ INDEX MATURITY: \_\_\_\_\_

SPREAD: \_\_\_\_\_ SPREAD MULTIPLIER: \_\_\_\_\_%

CALCULATION AGENT: \_\_\_\_\_ SPECIFIED CURRENCY: U.S. DOLLARS

INTEREST RATE BASIS: \_\_\_\_\_ U.S. DOLLARS FOR ALL PAYMENTS UNLESS OTHERWISE SPECIFIED BELOW

LIBOR - PAYMENTS OF PRINCIPAL AND OF ANY PREMIUM: \_\_\_\_\_

EURIBOR - PAYMENTS OF INTEREST: \_\_\_\_\_

TREASURY RATE - EXCHANGE RATE AGENT: \_\_\_\_\_

CMT RATE

MAXIMUM INTEREST RATE: \_\_\_\_\_%

COMMERCIAL PAPER RATE

MINIMUM INTEREST RATE: \_\_\_\_\_%

PRIME RATE

INTEREST RESET DATES: \_\_\_\_\_

- CD RATE INTEREST PAYMENT DATES: \_\_\_\_\_
- FEDERAL FUNDS EFFECTIVE RATE INTEREST DETERMINATION DATE: \_\_\_\_\_
- FEDERAL FUNDS OPEN RATE INTEREST PAYMENT PERIOD: (MONTHLY, QUARTERLY, SEMI-ANNUALLY OR ANNUALLY)
- 11TH DISTRICT COST OF FUNDS RATE INTEREST RATE RESET PERIOD: (DAILY, WEEKLY, MONTHLY, QUARTERLY, SEMI-ANNUALLY, ANNUALLY OR OTHERWISE)
- ANY OTHER RATE

AMERICAN INTERNATIONAL GROUP, INC., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_ or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS on the Maturity Date shown above, and to pay interest thereon from the Original Issue Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at a rate per annum equal to the Initial Interest Rate shown above until the first Interest Reset Date specified above and thereafter at a rate determined in accordance with the provisions on the reverse hereof under the heading "Determination of LIBOR", "Determination of EURIBOR", "Determination of Treasury Rate", "Determination of CMT Rate", "Determination of Commercial Paper Rate", "Determination of Prime Rate" "Determination of CD Rate", "Determination of Federal Funds Effective Rate", "Determination of Federal Funds Open Rate", or "Determination of 11th District Cost of Funds Rate", depending upon whether the Interest Rate Basis is LIBOR, EURIBOR, Treasury Rate, CMT Rate, Commercial Paper Rate, Prime Rate, CD Rate, Federal Funds Effective Rate, Federal Funds Open Rate, or 11th District Cost of Funds Rate, as indicated by the marked box above, until the principal hereof is paid or duly made available for payment. The Company will pay interest monthly, quarterly, semi-annually or annually as shown above under "Interest Payment Period", commencing with the Interest Payment Date next succeeding the Original Issue Date shown above, and ending on the Maturity Date; provided, however, that if the Original Issue Date is after a Regular Record Date (as herein defined) and prior to the related Interest Payment Date, interest payments will commence on the Interest Payment Date following the next succeeding Regular Record Date. Except as provided above and in the Indenture referred to on the reverse hereof, monthly interest payments will be made on the third Wednesday of each month, quarterly interest payments will be made on the third Wednesday of March, June, September and December of each year, semi-annual interest payments will be made on the third Wednesday of the two months set forth above and annual interest payments will be made on the third Wednesday of the month set forth above. The interest 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

(Face of Security continued on next page)



Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a Business Day) immediately preceding such Interest Payment Date. Any such interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date, will cease to be payable to the registered Holder on such Regular Record Date, and may either 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 for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to the Holders of Securities not less than 10 days prior to such Special Record Date, or 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 said Indenture.

If any Interest Payment Date would otherwise be a day that is not a Business Day with respect to this Security, the Interest Payment Date shall be the next succeeding day that is a Business Day, except that if the Interest Rate Basis specified on the face hereof is LIBOR or EURIBOR and the next succeeding Business Day falls in the next calendar month, such Interest Payment Date shall be the immediately preceding Business Day. In all cases, an Interest Payment Date that falls on the Maturity will not be changed.

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.

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.

(Face of Security continued on next page)

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

DATED: October \_\_, 2006

AMERICAN INTERNATIONAL GROUP, INC.

By: -----  
Name: Steven J. Bensinger  
Title: Executive Vice President and  
Chief Financial Officer

Attest: -----  
Name: Kathleen E. Shannon  
Title: Senior Vice President and  
Secretary

DATED: October \_\_, 2006

TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
This is one of the Securities of the  
series designated therein referred to in  
the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: -----  
Authorized Signatory

AMERICAN INTERNATIONAL GROUP, INC.

FLOATING RATE MEDIUM-TERM NOTES, SERIES [G] [AIG-FP] [MP, MATCHED INVESTMENT PROGRAM]

This Security is one of a duly authorized issue of securities of the Company, issued and to be issued in one or more series under an Indenture, dated as of October 12, 2006 (herein called the "Indenture"), between the Company and The Bank of New York, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and 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 (herein called the "Securities"), which is limited in aggregate principal amount to [\_\_].

The rate of interest on this Security will be reset daily, weekly, monthly, quarterly, semi-annually, annually or otherwise, as specified on the face hereof under Interest Rate Reset Period (each date upon which interest is so reset as provided below being hereinafter referred to as an "Interest Reset Date"). Unless otherwise specified on the face hereof, the Interest Reset Date with respect to this Security will be as follows: if the Interest Rate Reset Period specified on the face hereof is daily, each Business Day; if the Interest Rate Reset Period specified on the face hereof is weekly (for Securities using an Interest Rate Basis, as specified on the face hereof, other than the Treasury Rate), Wednesday of each week; if the Interest Rate Reset Period specified on the face hereof is weekly and the Interest Rate Basis specified on the face hereof is the Treasury Rate, except as otherwise provided in the definition of Treasury Interest Determination Date under "Determination of Treasury Rate" below, the Tuesday of each week; if the Interest Rate Reset Period specified on the face hereof is monthly, the third Wednesday of each month; if the Interest Rate Reset Period specified on the face hereof is quarterly, the third Wednesday of each March, June, September and December; if the Interest Rate Reset Period specified on the face hereof is semi-annually, the third Wednesday of each of the two months specified on the face hereof; and if the Interest Rate Reset Period specified on the face hereof is annually, the third Wednesday of the month specified on the face hereof; provided, however, that (i) the interest rate in effect from the date of issue to the first Interest Reset Date will be the Initial Interest Rate specified on the face hereof and (ii) except as otherwise specified on the face hereof, if the Interest Rate Reset Period on the face hereof is daily or weekly, the interest rate in effect for each day following the second Business Day prior to an Interest Payment Date to, but excluding, such Interest Payment Date, and for each day following the second Business Day prior to the maturity date, shall be the rate in effect on such second Business Day. If, pursuant to the preceding sentence, any Interest Reset Date would otherwise be a day that is not a Business Day with respect to this Security, the Interest Reset Date shall be the next succeeding day that is a Business Day with respect to this Security, except that, unless otherwise specified on the face hereof, if the Interest Rate Basis specified on the face hereof is LIBOR and the next succeeding Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

(Reverse of Security continued on next page)

Subject to applicable provisions of law and except as specified herein, on each Interest Reset Date, the rate of interest on this Security shall be the rate determined in accordance with the provisions of the applicable heading below.

"Euro Business Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, or any successor system, is open for business.

"London Business Day" means any day on which dealings in the relevant specified currency are transacted in the London interbank market.

"Business Day" means, for any note, a day that meets all the following applicable requirements: (i) for all notes, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close, (ii) if the note is a LIBOR note, is also a London Business Day; (iii) if the note has a specified currency other than U.S. dollars or euro, is also a day on which banking institutions are not authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency; and (iv) if the note is EURIBOR note or has a specified currency of euros, or is a LIBOR note for which the specified currency is euros, is also a Euro Business Day.

**DETERMINATION OF LIBOR.** If the Interest Rate Basis is LIBOR, the Interest Rate Basis that takes effect on any Interest Reset Date shall be LIBOR on the corresponding LIBOR Interest Determination Date (as defined below) and shall be determined in accordance with the following provisions:

LIBOR will be either the offered rate appearing on the Telerate LIBOR Page (as defined below) or the arithmetic mean of the offered rates appearing on the Reuters Screen LIBOR Page (as defined below) unless that page by its terms cites only one rate, in which case that one rate, in either case, as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, for deposits of the Specified Currency having the Index Maturity beginning on such Interest Reset Date.

If the Telerate LIBOR Page applies and the rate described in (a) does not appear on the Telerate LIBOR Page, or if the Reuters Screen LIBOR Page applies and fewer than two of the relevant rates appear on that page or no rate appears on any page on which only one rate normally appears, then LIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date, at which deposits of the Specified Currency having the Index Maturity beginning on such Interest Reset Date, and in a Representative Amount (as defined below) are offered to prime banks in the London interbank market by four major banks in that market selected by the Calculation Agent. The Calculation Agent will request the principal London office of each of these banks to provide a quotation of its rate if at least two such quotations are provided, LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of such quotations.

If fewer than two quotations are provided as described in (b) LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of the rates for loans of the Specified Currency having the Index Maturity, beginning on such Interest Reset Date, and in a Representative Amount to leading European banks quoted, at approximately 11:00 A.M., in the

(Reverse of Security continued on next page)

principal financial center for the country of the Specified Currency, on such LIBOR Interest Determination Date, by three major banks in that financial center selected by the Calculation Agent.

If fewer than three banks selected by the Calculation Agent are quoting as described in (c) LIBOR for the new Interest Rate Reset Period will be LIBOR in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"LIBOR Interest Determination Date" means, in relation to a particular Interest Reset Date, the second London Business Day preceding such Interest Reset Date, unless the Specified Currency is pounds sterling, Australian dollars, Canadian dollars, or New Zealand dollars, in which case the LIBOR Interest Determination Date will be the Interest Reset Date.

"Reuters Screen LIBOR Page" means the display on the Reuters Monitor Money Rate Service, or any successor service, on the page designated as "LIBO" or any replacement page or pages on which London interbank rates of major banks for the relevant specified currency are displayed.

"Telerate Page" means the display on Bridge Telerate Inc., or any successor service, on the page or pages specified herein, or any replacement page or pages on that service.

"Telerate LIBOR Page" means Telerate Page 3750 or any replacement page or pages on which London interbank rates of major banks for the Specified Currency are displayed.

"Representative Amount" means an amount that, in the Calculation Agent's judgment, is representative of a single transaction in the relevant market at the relevant time.

**DETERMINATION OF EURIBOR.** If the Interest Rate Basis is EURIBOR, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the interest rate for deposits in euros designated as "EURIBOR" and sponsored jointly by the European Banking Federation and ACI - the Financial Market Association (or any company established by the joint sponsors for purposes of compiling and publishing that rate) on the corresponding EURIBOR Interest Determination Date (as defined below), and shall be determined in accordance with the following procedures:

EURIBOR will be the offered rate for deposits in euros having the Index Maturity beginning on the Interest Reset Date after such EURIBOR Interest Determination Date, as that rate appears on Telerate Page 248 as of 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date.

If the rate described in (a) does not appear on Telerate Page 248, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date, at which euro deposits having the Index Maturity, beginning on the Interest Reset Date, and in a Representative Amount are offered to prime banks in the Euro-zone (as defined below) interbank market by the principal Euro-zone office of each of four major banks in that market selected by the Calculation Agent. The Calculation Agent will request the principal Euro-zone office of each of these banks to provide a quotation of its rate. If

(Reverse of Security continued on next page)

at least two quotations are provided, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described in (b) EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of the rates for euro loans having the Index Maturity, beginning on the Interest Reset Date, and in a Representative Amount to leading Euro-zone banks quoted, at approximately 11:00 A.M., Brussels time on such EURIBOR Interest Determination Date, by three major banks in the Euro-zone selected by the Calculation Agent.

If fewer than three banks selected by the Calculation Agent are quoting as described in (c), EURIBOR for the new Interest Rate Reset Period will be EURIBOR in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"EURIBOR Interest Determination Date" means, in relation to a particular Interest Reset Date, the second TARGET Settlement Day preceding such Interest Reset Date.

"Euro-zone" means, at any time, the region comprised of the member states of the European Economic and Monetary Union that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992, as amended.

"Target Settlement Day" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer ("TARGET") System, or any successor system is open for business.

DETERMINATION OF TREASURY RATE. If the Interest Rate Basis is the Treasury Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate for the auction on the corresponding Treasury Interest Determination Date (as defined below) of direct obligations of the United States ("Treasury Bills") having the Index Maturity, as that rate appears on Telerate Page 56 or 57 under the heading "Investment Rate". If the Treasury Rate cannot be determined in this manner, the following procedures will apply in determining the Treasury Rate:

If the rate described above does not appear on either page at 3:00 P.M., New York City time, on the Calculation Date corresponding to such Treasury Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), the Treasury Rate will be the Bond Equivalent Yield (as defined below) of the rate, for such Treasury Interest Determination Date, for the type of Treasury Bills described above, as published in H.15 Daily Update (as defined below), or another recognized electronic source used for displaying that rate, under the heading "U.S. Government Securities/Treasury Bills/Auction High".

If the rate described in (a) does not appear in H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Treasury Rate will be the Bond Equivalent Yield of the auction rate, for such Treasury Interest

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Determination date and for Treasury Bills of the kind described above, as announced by the U.S. Department of the Treasury.

If the auction rate described in (b) is not so announced by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held for the relevant week, then the Treasury Rate will be the Bond Equivalent Yield of the rate, for such Treasury Interest Determination Date and for Treasury Bills having a remaining maturity closest to the Index Maturity, as published in H.15 (519) (as defined below) under the heading "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate described in (c) does not appear in H.15(519) by 3:00 P.M., New York City time, on such Calculation Date unless the calculation is made earlier and the rate is available from one of those sources at that time), then the Treasury Rate will be the rate, for such Treasury Interest Determination Date and for Treasury Bills having a remaining maturity closest to the Index Maturity, as published in H.15 Daily Update, or another recognized electronic source used for displaying that rate, under the heading "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate described in (d) does not appear in H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Treasury Rate will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Treasury Interest Determination Date, by three primary U.S. government securities dealers in New York City selected by the Calculation Agent for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity.

If fewer than three dealers selected by the Calculation Agent are quoting as described in (e), the Treasury Rate in effect for the new Interest Rate Reset Period will be the Treasury Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"Treasury Interest Determination Date" means the day of the week in which the Interest Reset Date falls on which Treasury Bills would normally be auctioned. If as the result of a legal holiday an auction is held on the preceding Friday, that Friday will be the Treasury Interest Determination Date relating to the Interest Reset Date occurring in the next succeeding week. If the auction is held on a day that would otherwise be an Interest Reset Date, then the Interest Reset Date will instead be the first Business Day following the auction date.

"Bond Equivalent Yield" means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 10$$

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where "D" means the annual rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal; "N" means 365 or 366, as the case may be; and "M" means the actual number of days in the applicable Interest Reset Period.

"H.15(519)" means the weekly statistical release entitled "Statistical Release H.15(519)", or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519) available through the worldwide-web site of the Board of Governors of the Federal Reserve System, at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

DETERMINATION OF CMT RATE. If the Interest Rate Basis is the CMT Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the CMT Rate on the CMT Interest Determination Date (as defined below). "CMT Rate" means the following rate displayed on the Designated CMT Telerate Page (as defined below) under the Heading "...Treasury Constant Maturities...Federal Reserve Board Release H.15...Mondays Approximately 3:45 P.M.", under the column for the Designated CMT Index Maturity (as defined below):

(x) if the Designated CMT Telerate Page is Telerate Page 7051, the rate for such CMT Interest Determination Date; or

(y) if the Designated CMT Telerate Page is Telerate Page 7052, the weekly or monthly average, as specified on the face hereof, for the week that ends immediately before the week in which such CMT Interest Determination Date falls, or for the month that ends immediately before the month in which such CMT Interest Determination Date falls, as applicable.

If the CMT Rate cannot be determined in this manner, the following procedures will apply in determining the CMT Rate.

If the applicable rate described above is not displayed on the relevant Designated CMT Telerate Page at 3:00 P.M., New York City time, on the Calculation Date corresponding to such CMT Interest Determination Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the applicable Treasury constant maturity rate described above as published in H.15(519).

If the applicable rate described in (a) does not appear in H.15(519) by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the Treasury constant maturity rate, or other U.S. Treasury rate, for the Designated CMT Index Maturity and with reference to such CMT Interest Determination Date, that:

(i) is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury; and

(ii) is determined by the Calculation Agent to be comparable to the applicable rate formerly displayed on the Designated CMT Telerate Page and published in H.15(519).

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If the rate described in (b) does not appear by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the yield to maturity of the arithmetic mean of secondary market offered rates as of approximately 3:30 P.M., New York City time, on such CMT Interest Determination Date, of three primary U.S. government securities dealers in New York City selected by the Calculation Agent for the most recently issued direct, non-callable, fixed rate obligations of the U.S. government ("Treasury Notes") having an original maturity of approximately the Designated CMT Index Maturity and a remaining term to maturity of not less than the Designated CMT Index Maturity minus one year and in a Representative Amount. In selecting such offered rates, the Calculation Agent will request quotations from five such primary dealers and will disregard the highest quotation - or, if there is equality, one of the highest - and the lowest quotation - or, if there is equality, one of the lowest.

If the Calculation Agent is unable to obtain three quotations of the kind described in (c) the CMT Rate will be the yield to maturity of the arithmetic mean of secondary market offered rates as of approximately 3:30 P.M., New York City time, on such CMT Interest Determination Date, of three primary U.S. government securities dealers in New York City selected by the Calculation Agent for Treasury Notes with an original maturity longer than the Designated CMT Index Maturity, with a remaining term to maturity closest to the Designated CMT Index Maturity and in a Representative Amount. In selecting such offered rates, the Calculation Agent will request quotations from five such primary dealers and will disregard the highest quotation - or, if there is equality, one of the highest - and the lowest quotation - or, if there is equality, one of the lowest. If two Treasury Notes with an original maturity longer than the Designated CMT Index Maturity have remaining terms to maturity that are equally close to the Designated CMT Index Maturity, the Calculation Agent will obtain quotations for the Treasury Note with the shorter remaining term to maturity.

If fewer than five but more than two such primary dealers are quoting as described in (d) the CMT Rate for such CMT Interest Determination Date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.

If two or fewer primary dealers selected by the Calculation Agent are quoting as described in (e) the CMT Rate in effect for the new Interest Rate Reset Period will be the CMT Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"CMT Interest Determination Date" means, in relation to a particular Interest Reset Date, the second Business Day immediately preceding such Interest Reset Date.

"Designated CMT Index Maturity" means the Index Maturity specified on the face hereof and will be the original period to maturity of a U.S. Treasury security - specified on the face hereof, provided that, if no such original maturity period is so specified, the Designated CMT Index Maturity will be 2 years.

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"Designated CMT Telerate Page" means the Telerate Page specified on the face hereof that displays Treasury constant maturities as reported in H.15(519); provided, however, that, if no Telerate Page is so specified, then the applicable page will be Telerate Page 7052, and provided further, that if Telerate Page 7052 applies but it is not specified on the face hereof whether the weekly or monthly average applies, the weekly average will apply.

**DETERMINATION OF COMMERCIAL PAPER RATE.** If the Interest Rate Basis is the Commercial Paper Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the Money Market Yield (as defined below) of the discount rate, for the Commercial Paper Interest Determination Date (as defined below), for commercial paper having the Index Maturity specified on the face hereof, as published in H.15(519) under the heading "Commercial Paper - Non-financial". If the Commercial Paper Rate cannot be determined in this manner, the following procedures will apply in determining the Commercial Paper Rate:

If the rate described above does not appear in H.15(519) by 3:00 P.M., New York City time, on the Calculation Date corresponding to such Commercial Paper Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), then the Commercial Paper Rate will be the rate, for such Commercial Paper Interest Determination Date, for commercial paper having the Index Maturity specified on the face hereof, as published in H.15 Daily Update or any other recognized electronic source used for displaying that rate, under the heading "Commercial Paper - Non-financial".

If the rate described in (a) does not appear in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Commercial Paper Rate will be the Money Market Yield of the arithmetic mean of the offered rates as of 11:00 A.M., New York City time, on such Commercial Paper Interest Determination Date, by three leading U.S. dollar commercial paper dealers in New York City selected by the Calculation Agent for U.S. dollar commercial paper that has the Index Maturity and is placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized rating agency.

If fewer than three dealers selected by the Calculation Agent are quoting as described in (b) the Commercial Paper Rate for the new Interest Rate Reset Period will be the Commercial Paper Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"Commercial Paper Interest Determination Date" means, in relation to a particular Interest Reset Date, the first Business Day immediately preceding such Interest Reset Date.

"Money Market Yield" means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

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where "D" means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and "M" means the actual number of days in the applicable Interest Reset Period.

**DETERMINATION OF PRIME RATE.** If the Interest Rate Basis is the Prime Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate, for the Prime Interest Determination Date (as defined below), published in H.15(519) under the heading "Bank Prime Loan". If the Prime Rate cannot be determined in this manner, the following procedures will apply in determining the Prime Rate:

If the rate described above does not appear in H.15(519) by 3:00 P.M., New York City time on the Calculation Date corresponding to such Prime Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), then the Prime Rate will be the rate, for such Interest Determination Date, as published in H.15 Daily Update or another recognized electronic source used for the purpose of displaying that rate, under the heading "Bank Prime Loan".

If the rate described in (a) is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each bank appearing on that page as that bank's prime rate or base lending rate, as of 11:00 A.M., New York City time, on such Prime Interest Determination Date as they appear on the Reuters Screen US PRIME 1 Page (as defined below).

If fewer than four of the rates referred to in (b) appear on the Reuters Screen US PRIME 1 Page, the Prime Rate will be the arithmetic mean of the prime rates or base lending rates, as of the close of business on such Prime Interest Determination Date, of three major banks in New York City selected by the Calculation Agent. For this purpose, the Calculation Agent will use rates quoted on the basis of the actual number of days in the year divided by a 360-day year.

If fewer than three banks selected by the Calculation Agent are quoting as described in (c), the Prime Rate for the new Interest Rate Reset Period will be the Prime Rate in effect for the prior Interest Rate Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"Prime Interest Determination Date" means, in relation to a particular Interest Reset Date, the first Business Day immediately preceding such Interest Reset Date.

"Reuters Screen US PRIME 1 Page" means the display on the "US PRIME 1" page on the Reuters Monitor Money Rates Service, or any successor service, or any replacement page or

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pages on that service, for the purpose of displaying prime rates or base lending rates of major U.S. banks.

**DETERMINATION OF CD RATE.** If the Interest Rate Basis is the CD Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate, on the CD Interest Determination Date (as defined below), for negotiable U.S. dollar certificates of deposit having the Specified Index Maturity as published in H.15(519) under the heading "CDs (Secondary Market)". If the CD Rate cannot be determined in this manner, the following procedures will apply in determining the CD Rate:

If the rate described above does not appear published in H.15(519) by 3:00 P.M., New York City time, on the Calculation Date corresponding to such CD Interest Determination Date, then the CD Rate will be the rate, for such CD Interest Determination Date, as published in H.15 Daily Update, or another recognized electronic source used for displaying that rate, under the heading "CDs (Secondary Market)".

If the rate described in (a) does not appear in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the CD Rate will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Determination Date, by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City, as selected by the Calculation Agent for negotiable U.S. dollar certificates of deposit of major U.S. money center banks with a remaining maturity closest to the Index Maturity, and in a Representative Amount.

If fewer than three dealers selected by the Calculation Agent are quoting as described in (b), the CD Rate in effect for the new Interest Rate Reset Period will be the CD Rate in effect for the prior Interest Rate Reset Period, If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"CD Interest Determination Date" means, in relation to a particular Interest Reset Date, the second Business Day immediately preceding such Interest Reset Date.

**DETERMINATION OF FEDERAL FUNDS EFFECTIVE RATE.** If the Interest Rate Basis is the Federal Funds Effective Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate, on the Federal Funds Interest Determination Date (as defined below), for U.S. dollar federal funds, as published in H.15(519) under the heading "Federal Funds (Effective)", as that rate is displayed on Telerate Page 120. If the Federal Funds Effective Rate cannot be determined in this manner, the following procedures will apply in determining the Federal Funds Effective Rate:

If the rate described above is not displayed on Telerate Page 120 at 3:00 P.M., New York City time, on the Calculation Date corresponding to such Federal Funds Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), then the Federal Funds Effective Rate will be the rate, for such Federal Funds Interest

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Determination Date, described above as published in H.15 Daily Update, or another recognized electronic source used for displaying that rate, under the heading "Federal Funds (Effective)".

If the rate described in (a) is not displayed on Telerate Page 120 and does not appear in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Federal Funds Effective Rate will be the arithmetic mean of the rates for the last transaction in overnight, U.S. dollar federal funds arranged, before 9:00 A.M., New York City time, on such Federal Funds Interest Determination Date, by three leading brokers of U.S. dollar federal funds transactions in New York City selected by the Calculation Agent.

If fewer than three brokers selected by the Calculation Agent are quoting as described in (b), the Federal Funds Effective Rate in effect for the new Interest Rate Reset Period will be the Federal Funds Effective Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"Federal Funds Interest Determination Date" means, in relation to a particular Interest Reset Date, the first Business Day immediately preceding such Interest Reset Date.

DETERMINATION OF FEDERAL FUNDS OPEN RATE. If the Interest Rate Basis is the Federal Funds Open Rate, the Interest Rate Basis shall equal the opening rate on the Federal Funds Interest Determination Date for United States dollar federal funds as displayed under the heading "Federal Funds" and opposite the caption "Open" on Moneyline Telerate, or any successor service, on page 5 or any other page as may replace that page on that service ("Moneyline Telerate Page 5").

If the rate described above does not appear on Moneyline Telerate Page 5 by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Open Rate will be the opening rate on the Federal Funds Interest Determination Date for United States dollar federal funds as displayed on the FEDFOPEN Index on Bloomberg, which is the Fed Funds Opening Rate as reported by Garban Capital Markets (or a successor) on Bloomberg.

If the rate described in the preceding paragraph does not appear on FEDFOPEN Index on Bloomberg by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Open Rate will be the rate calculated by the Calculation Agent as the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds arranged before 9:00 A.M., New York City time, on the Federal Funds Interest Determination Date by three leading brokers of United States dollar federal funds transactions in The City of New York selected by the Calculation Agent.

If one or more of the brokers selected by the Calculation Agent are not quoting as mentioned in the preceding paragraph, then the Federal Funds Open Rate will be the rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior

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Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

If fewer than three brokers selected by the Calculation Agent are quoting as described in (b), the Federal Funds Effective Rate in effect for the new Interest Rate Reset Period will be the Federal Funds Effective Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

**DETERMINATION OF 11TH DISTRICT COST OF FUNDS RATE.** If the Interest Rate Basis is the 11th District Cost of Funds Rate, the Interest Rate Basis will be, with respect to any interest determination date, the rate equal to the monthly weighted average cost of funds for the calendar month preceding such interest determination date as set forth under the caption "11th District" on Telerate Page 7058 (or such other page as is specified in your pricing supplement) as of 11:00 a.m. San Francisco time, on such interest determination date.

If the rate described above does not appear on Telerate page 7058, the 11th District Cost of Funds Rate shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced by the Federal Home Loan Bank of San Francisco as such cost of funds for the calendar month preceding the date of such announcement.

If the Federal Home Loan Bank of San Francisco fails to announce such rate for the calendar month next preceding such interest determination date, then the 11th District Cost of Funds Rate will be the same as the rate used in the prior interest period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

Any reference to a Telerate Page, H.15(519), H.15 Daily Update, Reuters Screen US Prime 1 Page or heading shall include any successor page or heading as determined by the Calculation Agent.

The "Calculation Date" pertaining to any Treasury Interest Determination Date, CMT Interest Determination Date, Commercial Paper Interest Determination Date, Prime Rate Interest Determination Date, CD Interest Determination Date or Federal Funds Interest Determination Date, as the case may be, shall be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if any such day is not a Business Day, the next succeeding Business Day; and, (ii) the Business Day immediately preceding the Interest Payment Date or the Maturity, whichever is the day on which the payment of interest will be due. If LIBOR or EURIBOR is the specified Interest Rate Basis on the face hereof, LIBOR and EURIBOR will be calculated on the relevant LIBOR Interest Determination Date or EURIBOR Interest Determination Date.

The Calculation Agent's determination of the interest rate on this Security will be final and binding in the absence of manifest error. In calculating an Interest Rate Basis, the Calculation

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Agent may obtain quotations from banks and dealers that are affiliates of the Calculation Agent and/or the Company.

All percentages resulting from any calculation with respect to this Security will be rounded upwards, or downwards, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, and all amounts used in or resulting from such calculations will be rounded to the nearest cent in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars (with one-half cent or one-half of a corresponding unit or more being rounded upwards).

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, shown on the face hereof, and, in any event, the interest rate hereon shall not be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application.

Accrued Interest hereon from the Original Issue Date or from the last date to which interest hereon has been paid, as the case may be, shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factors calculated for each day from the Original Issue Date or from the last date to which interest shall have been paid or duly provided for, as the case may be, but excluding the date for which accrued interest is being calculated. The interest factor (expressed as a decimal) for each such day shall be computed by dividing the interest rate (expressed as a decimal) applicable to such day by 360, in the case of Securities with a LIBOR, EURIBOR, Commercial Paper, Prime Rate, CD Rate or Federal Funds Interest Rate Basis, or by the actual number of days in the year, in the case of Securities with a Treasury Rate or CMT Interest Rate Basis.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

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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 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 interest hereon on or after the respective due dates expressed herein.

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 any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

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 any integral multiples of \$1,000 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.

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

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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 _____
TEN ENT -- as tenants by the entireties		(Cust) (Minor)
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.

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

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_ attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

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

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

REGISTERED

REGISTERED

AMERICAN INTERNATIONAL GROUP, INC.

MEDIUM-TERM NOTES, SERIES [G] [AIG-FP] [MP, MATCHED INVESTMENT PROGRAM]

(FORM OF MASTER NOTE)

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.

THIS SECURITY IS A MASTER NOTE WITHIN THE MEANING SPECIFIED HEREIN.

This Security is a Global Security within the meaning of the Indenture (as defined on the reverse hereof) and represents one or more obligations of AMERICAN INTERNATIONAL GROUP, INC., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor corporation under the Indenture), (each such obligation, a "Supplemental Obligation"). The terms of each Supplemental Obligation are and will be reflected in this Security and in a pricing supplement to the Company's prospectus, dated July 24, 2006 (as supplemented by the prospectus supplement, dated October 12, 2006), relating to such Supplemental Obligation, which supplement and prospectus, as so supplemented, are on file with the Trustee hereinafter referred to and which supplement is identified on Schedule A hereto (each such pricing supplement, together with such prospectus, a "Pricing Supplement"). With respect to each Supplemental Obligation, the provisions of the applicable Pricing Supplement are hereby incorporated by reference herein and are deemed to be a part of this Security as of the Original Issue Date specified on Schedule A. Each reference to "this Security" or a "Security of this series" includes and shall be deemed to refer to each Supplemental Obligation.

With respect to each Supplemental Obligation, every term of this Security is subject to modification, amendment or elimination through the incorporation of the applicable Pricing Supplement by reference, whether or not the phrase "unless otherwise provided in the Pricing Supplement" or language of similar import precedes the term of this Security so modified, amended or eliminated. It is the intent of the parties hereto that, in the case of any conflict between the terms of a Pricing Supplement and the terms herein, the terms of the Pricing Supplement shall control over the terms herein with respect to the relevant Supplemental Obligation. Without limiting the foregoing, in the case of each Supplemental Obligation, the Holder of this Security is directed to the applicable Pricing Supplement for a description of certain terms of such Supplemental Obligation, including, in the case of any such obligation that is designated in the applicable Pricing Supplement as an "indexed note" (an "Indexed Note"), the manner of determining the principal amount of and interest, if any, on such Supplemental Obligation, the dates, if any, on which the principal amount of and interest, if any, on such Supplemental Obligation is determined and payable, the amount payable upon any acceleration of such Supplemental Obligation and the principal amount of such Supplemental Obligation deemed to be Outstanding for purposes of determining whether Holders of the requisite principal amount of Securities have made or given any request, demand, authorization, direction, notice, consent, waiver or other action under the Indenture.

Terms that are used and not defined in this Security but that are defined in the Indenture are used herein as defined therein.

This Security is a "Master Note", which term means a Global Security that provides for incorporation therein of the terms of Supplemental Obligations by reference to the applicable Pricing Supplements, substantially as contemplated herein.

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The Company, for value received, hereby promises to pay to CEDE & CO., as nominee for The Depository Trust Company, or registered assigns: (i) on each principal payment date, including each amortization date, redemption date, repayment date or maturity date, as applicable, of each Supplemental Obligation, the principal amount then due and payable for each such Supplemental Obligation, and (ii) on each interest payment date and at maturity, the interest then due and payable, if any, with respect to each Supplemental Obligation.

With respect to each Supplemental Obligation, the Company shall pay the principal amount specified in the applicable Pricing Supplement on the Stated Maturity shown therein, and shall pay interest on such principal, from the date specified therein as the "Original Issue Date" (or in a comparable manner) (the "Original Issue Date" for such Supplemental Obligation) or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for, on the Interest Payment Date(s) in each year, commencing on the first such date that is at least 15 calendar days after the Original Issue Date, and at the Maturity of such principal, as follows: (i) in the case of a Supplemental Obligation for which the interest rate is designated as fixed in the applicable Pricing Supplement (a "Fixed Rate Note"), at a rate per annum equal to the annual rate specified in such Pricing Supplement until the principal of such Supplemental Obligation is paid or made available for payment and (to the extent that the

(Face of Security continued on next page)

payment of such interest shall be legally enforceable) at the rate per annum equal to the rate at which the principal then bears interest on any overdue premium or installment of interest from the date any such overdue amount first becomes due until it is paid or made available for payment, provided that interest on any premium or installment of interest that is overdue shall be payable on demand; (ii) in the case of a Supplemental Obligation for which the interest rate is designated as floating in the applicable Pricing Supplement (a "Floating Rate Note"), at a rate per annum determined in accordance with the applicable provisions set forth on the reverse hereof, with such rate being dependent in part upon whether rate specified as the "base rate" (or in a comparable manner) in the applicable Pricing Supplement (the "Base Rate" for such Supplemental Obligation) is the commercial paper rate, the prime rate, LIBOR, EURIBOR, the treasury rate, the CMT rate, the CD rate, the federal funds effective rate, the federal funds open rate or the 11th district rate, until the principal of such Supplemental Obligation is paid or made available for payment and (to the extent that the payment of such interest shall be legally enforceable) at the rate at which the principal then bears interest on any overdue premium or installment of interest from the date any such overdue amount first becomes due until it is paid or made available for payment, provided that interest on any premium or installment of interest that is overdue shall be payable on demand; and (iii) in the case of a Supplemental Obligation that is an Indexed Note, at such rate or in such manner, if any, as may be specified in the applicable Pricing Supplement.

With respect to each Supplemental Obligation that is a Fixed Rate Note and unless otherwise specified in the applicable Pricing Supplement, interest (other than interest on overdue amounts) shall be payable by the Company, semi-annually on April 15 and October 15 of each year.

With respect to each Supplemental Obligation that is a Floating Rate Note and unless otherwise specified in the applicable Pricing Supplement, interest (other than interest on overdue amounts) shall be payable: (i) if the interest reset period specified in the applicable Pricing Supplement (the "Interest Reset Period" for such Supplemental Obligation) is daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year, as specified in the applicable Pricing Supplement; (ii) if the Interest Reset Period is quarterly, on the third Wednesday of March, June, September and December of each year; (iii) if the Interest Reset Period is semi-annual, on the third Wednesday of the two months specified in the applicable Pricing Supplement; and (iv) and if the Interest Reset Period is annual, on the third Wednesday of the month specified in the applicable Pricing Supplement; provided that, unless otherwise specified in the applicable Pricing Supplement, the following sentence shall apply with respect to any such day on which interest would otherwise be payable, other than any such day on which the Maturity of the principal of such Floating Rate Note falls: If any such day is not a Business Day (as defined on the reverse hereof) the day on which interest should be payable shall be deferred to the next succeeding Business Day, provided that, if the Base Rate is LIBOR or EURIBOR and such next succeeding Business Day falls in the next calendar month, the day on which interest should be payable shall be advanced to the next preceding Business Day.

With respect to each Supplemental Obligation that is an Indexed Note, such interest, if any, will be payable on the dates specified in the applicable Pricing Supplement.

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Each date so determined or provided for in the preceding three paragraphs (or the applicable Pricing Supplement) is hereinafter referred to as an "Interest Payment Date".

The interest 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) is registered at the close of business on the Regular Record Date for such interest, which shall be the fifteenth day (whether or not a Business Day) immediately preceding such Interest Payment Date. Any such interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date, will cease to be payable to the registered Holder on such Regular Record Date, and may either 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 for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to the Holders of Securities not less than 10 days prior to such Special Record Date, or 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 said Indenture. With respect to any Supplemental Obligation, references herein to the "Holder" mean the Holder of this Security.

CURRENCY OF PAYMENT. Payment of principal of (and premium, if any) and interest on any Supplemental Obligation will be made in the currency designated as the "specified currency" for such payment (or in a comparable manner) in the applicable Pricing Supplement (the "Specified Currency" for any payment on such Supplemental Obligation), except as provided in this and the next three paragraphs. For each Supplemental Obligation, any payment shall be made in the Specified Currency for such payment unless, at the time of such payment, such currency is not legal tender for the payment of public and private debts in the country issuing such currency on the Original Issue Date, in which case the Specified Currency for such payment shall be such coin or currency as at the time of such payment is legal tender for the payment of public and private debts in such country, except as provided in the next sentence. If the euro is the Specified Currency for any payment, the Specified Currency for such payment shall be such coin or currency as at the time of payment is legal tender for the payment of public and private debts in all European Monetary Union ("EMU") Countries, provided that, if on any day there are not at least two EMU Countries, or if on any day there are at least two EMU Countries but no coin or currency is legal tender for the payment of public and private debts in all EMU Countries, then the Specified Currency for such payment shall be deemed not to be available to the Company on such day.

If provided in the applicable Pricing Supplement and except as provided in the next paragraph, any payment to be made on a Supplemental Obligation in a Specified Currency other than U.S. dollars will be made in U.S. dollars if the Person entitled to receive such payment transmits a written request for such payment to be made in U.S. dollars to the Trustee at its Corporate Trust Office, Attention: Corporation Trust Administration, on or before the fifth Business Day before the payment is to be made. Such written request may be mailed, hand delivered, telecopied or delivered in any other manner approved by the Trustee. Any such request made with respect to any payment on a Supplemental Obligation payable to a particular Holder will remain in effect for all later payments on such Supplemental Obligation payable to

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such Holder, unless such request is revoked on or before the fifth Business Day before a payment is to be made, in which case such revocation shall be effective for such and all later payments. In the case of any payment of interest payable on an Interest Payment Date, such written request must be made by the Person who is the registered Holder of this Security on the relevant Regular Record Date.

The U.S. dollar amount of any payment made pursuant to the preceding paragraph will be determined by the Exchange Rate Agent (as defined on the reverse hereof) based upon the highest bid quotation received by the Exchange Rate Agent as of 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date, from three (or, if three are not available, then two) recognized foreign exchange dealers selected by the Exchange Rate Agent in The City of New York, in each case for the purchase by the quoting dealer, for U.S. dollars and for settlement on such payment date of an amount of such Specified Currency for such payment equal to the aggregate amount of such Specified Currency payable on such payment date to all Holders of Securities of this or any other series who elect to receive U.S. dollar payments on such payment date, and at which the applicable dealer commits to execute a contract. If the Exchange Rate Agent determines that two such bid quotations are not available on such second Business Day, such payment will be made in the Specified Currency for such payment. All currency exchange costs associated with any payment in U.S. dollars on this Security will be borne by the Holder entitled to receive such payment, by deduction from such payment.

Notwithstanding the foregoing, if any amount payable on a Supplemental Obligation is payable on any day (including at Maturity) in a Specified Currency other than U.S. dollars, and if such Specified Currency is not available to the Company on the two Business Days before such day, due to the imposition of exchange controls, disruption in a currency market or any other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligation to pay such amount in such Specified Currency by making such payment in U.S. dollars. The amount of such payment in U.S. dollars shall be determined by the Exchange Rate Agent on the basis of the noon buying rate, certified by The Federal Reserve Bank of New York for customs purposes, for cable transfers in The City of New York for such Specified Currency (the "Exchange Rate") as of the latest day before the day on which such payment is to be made. Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Indenture or this Security.

**MANNER OF PAYMENT - U.S. DOLLARS.** Except as provided in the next paragraph, payment of any amount payable on any Supplemental Obligation in U.S. dollars will be made at the office or agency of the Company maintained for that purpose in The City of New York (or at any other office or agency maintained by the Company for that purpose), against surrender (in the manner provided below) of this Security in the case of any payment due at Maturity of the principal of such Supplemental Obligation (other than any payment of interest that first becomes due on an Interest Payment Date); provided, however, that, at the option of the Company and subject to the next paragraph, 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.

(Face of Security continued on next page)

Payment of any amount payable on any Supplemental Obligation in U.S. dollars will be made by wire transfer of immediately available funds to an account maintained by the payee with a bank located in the Borough of Manhattan, The City of New York, if (i) the principal of such Supplemental Obligation is at least \$1,000,000 and (ii) the Holder entitled to receive such payment transmits a written request for such payment to be made in such manner to the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration, on or before the fifth Business Day before the day on which such payment is to be made; provided that, in the case of any such payment due at the Maturity of the principal of such Supplemental Obligation (other than any payment of interest that first becomes due on an Interest Payment Date), this Security must be surrendered (in the manner provided below) at the office or agency of the Company maintained for that purpose in The City of New York (or at any other office or agency maintained by the Company for that purpose) in time for the Paying Agent to make such payment in such funds in accordance with its normal procedures. Any such request made with respect to any payment on such Supplemental Obligation payable to a particular Holder will remain in effect for all later payments on such Supplemental Obligation payable to such Holder, unless such request is revoked on or before the fifth Business Day before a payment is to be made, in which case such revocation shall be effective for such and all later payments. In the case of any payment of interest payable on a Supplemental Obligation on an Interest Payment Date, such written request must be made by the Person who is the registered Holder of this Security on the relevant Regular Record Date. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer with respect to this Security, but any tax, assessment or other governmental charge imposed upon any payment will be borne by the Holder of this Security and may be deducted from the payment by the Company or the Paying Agent.

MANNER OF PAYMENT - OTHER SPECIFIED CURRENCIES. Payment of any amount payable on any Supplemental Obligation in a Specified Currency other than U.S. dollars will be made by wire transfer of immediately available funds to such account as is maintained in such Specified Currency at a bank or other financial institution acceptable to the Company and the Trustee and as shall have been designated at least five Business Days prior to the applicable payment date by the Person entitled to receive such payment, provided that, in the case of any such payment due at the Maturity of the principal of such Supplemental Obligation (other than any payment of interest that first becomes due on an Interest Payment Date), this Security must be surrendered (in the manner provided below) at the office or agency of the Company maintained for that purpose in The City of New York (or at any other office or agency maintained by the Company for that purpose) in time for the Paying Agent to make such payment in such funds in accordance with its normal procedures. Such account designation shall be made by transmitting the appropriate information to the Trustee at its Corporate Trust Office in the Borough of Manhattan, The City of New York, by mail, hand delivery, telecopier or in any other manner approved by the Trustee. Unless revoked, any such account designation made with respect to any Supplemental Obligation by the Holder hereof will remain in effect with respect to any further payments with respect to such Supplemental Obligation payable to such Holder. If a payment in a Specified Currency other than U.S. dollars with respect to any Supplemental Obligation cannot be made by wire transfer because the required account designation has not been received by the Trustee on or before the requisite date or for any other reason, the Company will cause a notice to be given to the Holder of this Security at its registered address requesting an account

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designation pursuant to which such wire transfer can be made and such payment will be made within five Business Days after the Trustee's receipt of such a designation meeting the requirements specified above, with the same force and effect as if made on the due date. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer with respect to this Security, but any tax, assessment or other governmental charge imposed upon any payment will be borne by the Holder of this Security and may be deducted from the payment by the Company or the Paying Agent.

MANNER OF PAYMENT - PAYMENTS PURSUANT TO THE APPLICABLE PROCEDURES OF THE DEPOSITARY; SURRENDER OF THIS SECURITY. Notwithstanding any provision of this Security or the Indenture, the Company may make any and all payments of principal, premium and interest on this Security pursuant to the Applicable Procedures of the Depositary for this Security as permitted in the Indenture.

Notwithstanding the foregoing, whenever the provisions hereof require that this Security be surrendered against payment of the principal of a Supplemental Obligation, such surrender may be effected by means of an appropriate adjustment to Schedule A hereto to reflect the discharge of such Supplemental Obligation, with such adjustment to be made by the Trustee in a manner not inconsistent with the Applicable Procedures of the Depositary for this Security, and in such circumstances this Security need not actually be surrendered. This paragraph shall apply only to a Master Note.

PAYMENTS DUE ON A BUSINESS DAY. Unless otherwise specified in the applicable Pricing Supplement for a Supplemental Obligation, if any amount of principal, premium or interest would otherwise be due on such Supplemental Obligation on a day (the "Specified Day") that is not a Business Day with respect to such Supplemental Obligation, the Interest Payment Date shall be the next succeeding day that is a Business Day, except that if the Interest Rate Basis specified on the face hereof is LIBOR or EURIBOR and the next succeeding Business Day falls in the next calendar month, such Interest Payment Date shall be the immediately preceding Business Day. In all cases, an Interest Payment Date that falls on the Maturity will not be changed. The provisions of this paragraph shall apply to this Security in lieu of the provisions of Section 113 of the Indenture.

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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.

(Face of Security continued on next page)



IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

DATED: October 12, 2006

AMERICAN INTERNATIONAL GROUP, INC.

By: -----  
Name: Steven J. Bensinger  
Title: Executive Vice President and  
Chief Financial Officer

Attest: -----  
Name: Kathleen E. Shannon  
Title: Senior Vice President and  
Secretary

DATED: October 12, 2006

TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
This is one of the Securities of the  
series designated therein referred to  
in the within-mentioned Indenture.

THE BANK OF NEW YORK, as Trustee

By: -----  
Authorized Signatory

AMERICAN INTERNATIONAL GROUP, INC.  
MEDIUM-TERM NOTES, SERIES [G] [AIG-FP] [MP, MATCHED INVESTMENT  
PROGRAM]

This Security is one of a duly authorized issue of securities of the Company, issued and to be issued in one or more series under an Indenture, dated as of October 12, 2006 (herein called the "Indenture"), between the Company and The Bank of New York, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and the terms upon which the Securities are, and are to be, authenticated and delivered. In the case of the acquisition of all or a portion of a Supplemental Obligation by the Company or any Affiliate thereof, the Company or such Affiliate may submit to the Trustee such evidence of such acquisition as is reasonably acceptable to the Trustee, whereupon the Trustee, at the Company's direction, shall reduce the principal amount of such Supplemental Obligation in Schedule A hereto by such acquired amount, and the principal amount of such Supplemental Obligation shall be reduced accordingly for all purposes of this Security. This Security is one of the series designated on the face hereof (herein called the "Securities"), which is initially limited in aggregate principal amount to \$25,139,770,000 (or the equivalent thereof in any other currency or currencies, currency units or composite currencies). References herein to "this series" mean the series of Securities designated on the face hereof.

The Securities of this series are issuable only in registered form without coupons in "Authorized Denominations", which term shall have the following meaning. For each Supplemental Obligation having a principal amount payable in U.S. dollars, the Authorized Denominations shall be \$1,000 and multiples thereof, unless otherwise provided in the applicable Pricing Supplement. For each Supplemental Obligation having a principal amount payable in a Specified Currency other than U.S. dollars, the Authorized Denominations shall be the amount of such Specified Currency equivalent, at the Exchange Rate on the first Business Day next preceding the date on which the Company accepts the offer to purchase such Security, to \$1,000 and any multiples thereof, unless otherwise provided in the applicable Pricing Supplement.

INTEREST RATE ON FLOATING RATE NOTES. Unless otherwise provided in the applicable Pricing Supplement, the following provisions shall apply with respect to each Supplemental Obligation that is a Floating Rate Note.

The rate of interest on such Supplemental Obligation will be reset daily, weekly, monthly, quarterly, semi-annually, annually or otherwise, as specified in the applicable Pricing Supplement (each date upon which interest is so reset as provided below being hereinafter referred to as an "Interest Reset Date"). Unless otherwise specified in the applicable Pricing Supplement, the Interest Reset Date with respect to such Supplemental Obligation will be as follows: if the Interest Rate Reset Period specified in the applicable Pricing Supplement is daily, each Business Day; if the Interest Rate Reset Period specified in the applicable Pricing Supplement is weekly (for Securities using an Interest Rate Basis, as specified in the applicable Pricing Supplement, other than the Treasury Rate), Wednesday of each week; if the Interest Rate

(Reverse of Security continued on next page)

Reset Period specified in the applicable Pricing Supplement is weekly and the Interest Rate Basis specified in the applicable Pricing Supplement is the Treasury Rate, except as otherwise provided in the definition of Treasury Interest Determination Date under "Determination of Treasury Rate" below, the Tuesday of each week; if the Interest Rate Reset Period specified in the applicable Pricing Supplement is monthly, the third Wednesday of each month; if the Interest Rate Reset Period specified in the applicable Pricing Supplement is quarterly, the third Wednesday of each March, June, September and December; if the Interest Rate Reset Period specified in the applicable Pricing Supplement is semi-annually, the third Wednesday of each of the two months specified on the face hereof; and if the Interest Rate Reset Period specified in the applicable Pricing Supplement is annually, the third Wednesday of the month specified on the face hereof; provided, however, that (i) the interest rate in effect from the date of issue to the first Interest Reset Date will be the Initial Interest Rate specified in the applicable Pricing Supplement and (ii) except as otherwise specified in the applicable Pricing Supplement, if the Interest Rate Reset Period for such Supplemental Obligation is daily or weekly, the interest rate in effect for each day following the second Business Day prior to an Interest Payment Date to, but excluding, such Interest Payment Date, and for each day following the second Business Day prior to the maturity date, shall be the rate in effect on such second Business Day. If, pursuant to the preceding sentence, any Interest Reset Date would otherwise be a day that is not a Business Day with respect to such Supplemental Obligation, the Interest Reset Date shall be the next succeeding day that is a Business Day with respect to such Supplemental Obligation, except that, unless otherwise specified in the applicable Pricing Supplement, if the Interest Rate Basis specified in the applicable Pricing Supplement is LIBOR and the next succeeding Business Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

Subject to applicable provisions of law and except as specified in the applicable Pricing Supplement, on each Interest Reset Date, the rate of interest on such Supplemental Obligation shall be the rate determined in accordance with the provisions of the applicable heading below.

"Euro Business Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, or any successor system, is open for business.

"London Business Day" means any day on which dealings in the relevant specified currency are transacted in the London interbank market.

"Business Day" means, for any note, a day that meets all the following applicable requirements: (i) for all notes, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close, (ii) if the note is a LIBOR note, is also a London Business Day; (iii) if the note has a specified currency other than U.S. dollars or euro, is also a day on which banking institutions are not authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency; and (iv) if the note is EURIBOR note or has a specified currency of euros, or is a LIBOR note for which the specified currency is euros, is also a Euro Business Day.

(Reverse of Security continued on next page)

DETERMINATION OF LIBOR. If the Interest Rate Basis for such Supplemental Obligation is LIBOR, the Interest Rate Basis that takes effect on any Interest Reset Date shall be LIBOR on the corresponding LIBOR Interest Determination Date (as defined below) and shall be determined in accordance with the following provisions:

LIBOR will be either the offered rate appearing on the Telerate LIBOR Page (as defined below) or the arithmetic mean of the offered rates appearing on the Reuters Screen LIBOR Page (as defined below) unless that page by its terms cites only one rate, in which case that one rate, in either case, as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, for deposits of the Specified Currency having the Index Maturity beginning on such Interest Reset Date.

If the Telerate LIBOR Page applies and the rate described in (a) does not appear on the Telerate LIBOR Page, or if the Reuters Screen LIBOR Page applies and fewer than two of the relevant rates appear on that page or no rate appears on any page on which only one rate normally appears, then LIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date, at which deposits of the Specified Currency having the Index Maturity beginning on such Interest Reset Date, and in a Representative Amount (as defined below) are offered to prime banks in the London interbank market by four major banks in that market selected by the Calculation Agent. The Calculation Agent will request the principal London office of each of these banks to provide a quotation of its rate if at least two such quotations are provided, LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of such quotations.

If fewer than two quotations are provided as described in (b) LIBOR for such LIBOR Interest Determination Date will be the arithmetic mean of the rates for loans of the Specified Currency having the Index Maturity, beginning on such Interest Reset Date, and in a Representative Amount to leading European banks quoted, at approximately 11:00 A.M., in the principal financial center for the country of the Specified Currency, on such LIBOR Interest Determination Date, by three major banks in that financial center selected by the Calculation Agent.

If fewer than three banks selected by the Calculation Agent are quoting as described in (c) LIBOR for the new Interest Rate Reset Period will be LIBOR in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"LIBOR Interest Determination Date" means, in relation to a particular Interest Reset Date, the second London Business Day preceding such Interest Reset Date, unless the Specified Currency is pounds sterling, Australian dollars, Canadian dollars, or New Zealand dollars, in which case the LIBOR Interest Determination Date will be the Interest Reset Date.

(Reverse of Security continued on next page)

"Reuters Screen LIBOR Page" means the display on the Reuters Monitor Money Rate Service, or any successor service, on the page designated as "LIBO" or any replacement page or pages on which London interbank rates of major banks for the relevant specified currency are displayed.

"Telerate Page" means the display on Bridge Telerate Inc., or any successor service, on the page or pages specified herein, or any replacement page or pages on that service.

"Telerate LIBOR Page" means Telerate Page 3750 or any replacement page or pages on which London interbank rates of major banks for the Specified Currency are displayed.

"Representative Amount" means an amount that, in the Calculation Agent's judgment, is representative of a single transaction in the relevant market at the relevant time.

DETERMINATION OF EURIBOR. If the Interest Rate Basis for such Supplemental Obligation is EURIBOR, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the interest rate for deposits in euros designated as "EURIBOR" and sponsored jointly by the European Banking Federation and ACI - the Financial Market Association (or any company established by the joint sponsors for purposes of compiling and publishing that rate) on the corresponding EURIBOR Interest Determination Date (as defined below), and shall be determined in accordance with the following procedures:

EURIBOR will be the offered rate for deposits in euros having the Index Maturity beginning on the Interest Reset Date after such EURIBOR Interest Determination Date, as that rate appears on Telerate Page 248 as of 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date.

If the rate described in (a) does not appear on Telerate Page 248, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date, at which euro deposits having the Index Maturity, beginning on the Interest Reset Date, and in a Representative Amount are offered to prime banks in the Euro-zone (as defined below) interbank market by the principal Euro-zone office of each of four major banks in that market selected by the Calculation Agent. The Calculation Agent will request the principal Euro-zone office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, EURIBOR for the relevant EURIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described in (b) EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean of the rates for euro loans having the Index Maturity, beginning on the Interest Reset Date, and in a Representative Amount to leading Euro-zone banks quoted, at approximately 11:00 A.M., Brussels time on such EURIBOR Interest Determination Date, by three major banks in the Euro-zone selected by the Calculation Agent.

If fewer than three banks selected by the Calculation Agent are quoting as described in (c), EURIBOR for the new Interest Rate Reset Period will be EURIBOR in effect for the prior

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Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"EURIBOR Interest Determination Date" means, in relation to a particular Interest Reset Date, the second TARGET Settlement Day preceding such Interest Reset Date.

"Euro-zone" means, at any time, the region comprised of the member states of the European Economic and Monetary Union that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992, as amended.

"Target Settlement Day" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer ("TARGET") System, or any successor system is open for business.

DETERMINATION OF TREASURY RATE. If the Interest Rate Basis for such Supplemental Obligation is the Treasury Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate for the auction on the corresponding Treasury Interest Determination Date (as defined below) of direct obligations of the United States ("Treasury Bills") having the Index Maturity, as that rate appears on Telerate Page 56 or 57 under the heading "Investment Rate". If the Treasury Rate cannot be determined in this manner, the following procedures will apply in determining the Treasury Rate:

If the rate described above does not appear on either page at 3:00 P.M., New York City time, on the Calculation Date corresponding to such Treasury Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), the Treasury Rate will be the Bond Equivalent Yield (as defined below) of the rate, for such Treasury Interest Determination Date, for the type of Treasury Bills described above, as published in H.15 Daily Update (as defined below), or another recognized electronic source used for displaying that rate, under the heading "U.S. Government Securities/Treasury Bills/Auction High".

If the rate described in (a) does not appear in H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Treasury Rate will be the Bond Equivalent Yield of the auction rate, for such Treasury Interest Determination date and for Treasury Bills of the kind described above, as announced by the U.S. Department of the Treasury.

If the auction rate described in (b) is not so announced by 3:00 P.M., New York City time, on such Calculation Date, or if no such auction is held for the relevant week, then the Treasury Rate will be the Bond Equivalent Yield of the rate, for such Treasury Interest Determination Date and for Treasury Bills having a remaining maturity closest to the Index

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Maturity, as published in H.15 (519) (as defined below) under the heading "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate described in (c) does not appear in H.15(519) by 3:00 P.M., New York City time, on such Calculation Date unless the calculation is made earlier and the rate is available from one of those sources at that time), then the Treasury Rate will be the rate, for such Treasury Interest Determination Date and for Treasury Bills having a remaining maturity closest to the Index Maturity, as published in H.15 Daily Update, or another recognized electronic source used for displaying that rate, under the heading "U.S. Government Securities/Treasury Bills/Secondary Market".

If the rate described in (d) does not appear in H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Treasury Rate will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Treasury Interest Determination Date, by three primary U.S. government securities dealers in New York City selected by the Calculation Agent for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity.

If fewer than three dealers selected by the Calculation Agent are quoting as described in (e), the Treasury Rate in effect for the new Interest Rate Reset Period will be the Treasury Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"Treasury Interest Determination Date" means the day of the week in which the Interest Reset Date falls on which Treasury Bills would normally be auctioned. If as the result of a legal holiday an auction is held on the preceding Friday, that Friday will be the Treasury Interest Determination Date relating to the Interest Reset Date occurring in the next succeeding week. If the auction is held on a day that would otherwise be an Interest Reset Date, then the Interest Reset Date will instead be the first Business Day following the auction date.

"Bond Equivalent Yield" means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" means the annual rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal; "N" means 365 or 366, as the case may be; and "M" means the actual number of days in the applicable Interest Reset Period.

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"H.15(519)" means the weekly statistical release entitled "Statistical Release H.15(519)", or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519) available through the worldwide-web site of the Board of Governors of the Federal Reserve System, at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

DETERMINATION OF CMT RATE. If the Interest Rate Basis for such Supplemental Obligation is the CMT Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the CMT Rate on the CMT Interest Determination Date (as defined below). "CMT Rate" means the following rate displayed on the Designated CMT Telerate Page (as defined below) under the Heading "...Treasury Constant Maturities...Federal Reserve Board Release H.15...Mondays Approximately 3:45 P.M.", under the column for the Designated CMT Index Maturity (as defined below):

(x) if the Designated CMT Telerate Page is Telerate Page 7051, the rate for such CMT Interest Determination Date; or

(y) if the Designated CMT Telerate Page is Telerate Page 7052, the weekly or monthly average, as specified on the face hereof, for the week that ends immediately before the week in which such CMT Interest Determination Date falls, or for the month that ends immediately before the month in which such CMT Interest Determination Date falls, as applicable.

If the CMT Rate cannot be determined in this manner, the following procedures will apply in determining the CMT Rate.

If the applicable rate described above is not displayed on the relevant Designated CMT Telerate Page at 3:00 P.M., New York City time, on the Calculation Date corresponding to such CMT Interest Determination Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the applicable Treasury constant maturity rate described above as published in H.15(519).

If the applicable rate described in (a) does not appear in H.15(519) by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the Treasury constant maturity rate, or other U.S. Treasury rate, for the Designated CMT Index Maturity and with reference to such CMT Interest Determination Date, that:

(i) is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury; and

(ii) is determined by the Calculation Agent to be comparable to the applicable rate formerly displayed on the Designated CMT Telerate Page and published in H.15(519).

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If the rate described in (b) does not appear by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the CMT Rate will be the yield to maturity of the arithmetic mean of secondary market offered rates as of approximately 3:30 P.M., New York City time, on such CMT Interest Determination Date, of three primary U.S. government securities dealers in New York City selected by the Calculation Agent for the most recently issued direct, non-callable, fixed rate obligations of the U.S. government ("Treasury Notes") having an original maturity of approximately the Designated CMT Index Maturity and a remaining term to maturity of not less than the Designated CMT Index Maturity minus one year and in a Representative Amount. In selecting such offered rates, the Calculation Agent will request quotations from five such primary dealers and will disregard the highest quotation - or, if there is equality, one of the highest - and the lowest quotation - or, if there is equality, one of the lowest.

If the Calculation Agent is unable to obtain three quotations of the kind described in (c) the CMT Rate will be the yield to maturity of the arithmetic mean of secondary market offered rates as of approximately 3:30 P.M., New York City time, on such CMT Interest Determination Date, of three primary U.S. government securities dealers in New York City selected by the Calculation Agent for Treasury Notes with an original maturity longer than the Designated CMT Index Maturity, with a remaining term to maturity closest to the Designated CMT Index Maturity and in a Representative Amount. In selecting such offered rates, the Calculation Agent will request quotations from five such primary dealers and will disregard the highest quotation - or, if there is equality, one of the highest - and the lowest quotation - or, if there is equality, one of the lowest. If two Treasury Notes with an original maturity longer than the Designated CMT Index Maturity have remaining terms to maturity that are equally close to the Designated CMT Index Maturity, the Calculation Agent will obtain quotations for the Treasury Note with the shorter remaining term to maturity.

If fewer than five but more than two such primary dealers are quoting as described in (d) the CMT Rate for such CMT Interest Determination Date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.

If two or fewer primary dealers selected by the Calculation Agent are quoting as described in (e) the CMT Rate in effect for the new Interest Rate Reset Period will be the CMT Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"CMT Interest Determination Date" means, in relation to a particular Interest Reset Date, the second Business Day immediately preceding such Interest Reset Date.

"Designated CMT Index Maturity" means the Index Maturity specified on the face hereof and will be the original period to maturity of a U.S. Treasury security - specified on the face

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hereof, provided that, if no such original maturity period is so specified, the Designated CMT Index Maturity will be 2 years.

"Designated CMT Telerate Page" means the Telerate Page specified on the face hereof that displays Treasury constant maturities as reported in H.15(519); provided, however, that, if no Telerate Page is so specified, then the applicable page will be Telerate Page 7052, and provided further, that if Telerate Page 7052 applies but it is not specified on the face hereof whether the weekly or monthly average applies, the weekly average will apply.

**DETERMINATION OF COMMERCIAL PAPER RATE.** If the Interest Rate Basis for such Supplemental Obligation is the Commercial Paper Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the Money Market Yield (as defined below) of the discount rate, for the Commercial Paper Interest Determination Date (as defined below), for commercial paper having the Index Maturity specified on the face hereof, as published in H.15(519) under the heading "Commercial Paper - Non-financial". If the Commercial Paper Rate cannot be determined in this manner, the following procedures will apply in determining the Commercial Paper Rate:

If the rate described above does not appear in H.15(519) by 3:00 P.M., New York City time, on the Calculation Date corresponding to such Commercial Paper Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), then the Commercial Paper Rate will be the rate, for such Commercial Paper Interest Determination Date, for commercial paper having the Index Maturity specified on the face hereof, as published in H.15 Daily Update or any other recognized electronic source used for displaying that rate, under the heading "Commercial Paper - Non-financial".

If the rate described in (a) does not appear in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Commercial Paper Rate will be the Money Market Yield of the arithmetic mean of the offered rates as of 11:00 A.M., New York City time, on such Commercial Paper Interest Determination Date, by three leading U.S. dollar commercial paper dealers in New York City selected by the Calculation Agent for U.S. dollar commercial paper that has the Index Maturity and is placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized rating agency.

If fewer than three dealers selected by the Calculation Agent are quoting as described in (b) the Commercial Paper Rate for the new Interest Rate Reset Period will be the Commercial Paper Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

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"Commercial Paper Interest Determination Date" means, in relation to a particular Interest Reset Date, the first Business Day immediately preceding such Interest Reset Date.

"Money Market Yield" means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and "M" means the actual number of days in the applicable Interest Reset Period.

**DETERMINATION OF PRIME RATE.** If the Interest Rate Basis for such Supplemental Obligation is the Prime Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate, for the Prime Interest Determination Date (as defined below), published in H.15(519) under the heading "Bank Prime Loan". If the Prime Rate cannot be determined in this manner, the following procedures will apply in determining the Prime Rate:

If the rate described above does not appear in H.15(519) by 3:00 P.M., New York City time on the Calculation Date corresponding to such Prime Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), then the Prime Rate will be the rate, for such Interest Determination Date, as published in H.15 Daily Update or another recognized electronic source used for the purpose of displaying that rate, under the heading "Bank Prime Loan".

If the rate described in (a) is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), then the Prime Rate will be the arithmetic mean of the rates of interest publicly announced by each bank appearing on that page as that bank's prime rate or base lending rate, as of 11:00 A.M., New York City time, on such Prime Interest Determination Date as they appear on the Reuters Screen US PRIME 1 Page (as defined below).

If fewer than four of the rates referred to in (b) appear on the Reuters Screen US PRIME 1 Page, the Prime Rate will be the arithmetic mean of the prime rates or base lending rates, as of the close of business on such Prime Interest Determination Date, of three major banks in New York City selected by the Calculation Agent. For this purpose, the Calculation Agent will use rates quoted on the basis of the actual number of days in the year divided by a 360-day year.

If fewer than three banks selected by the Calculation Agent are quoting as described in (c), the Prime Rate for the new Interest Rate Reset Period will be the Prime Rate in effect for the prior Interest Rate Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

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The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"Prime Interest Determination Date" means, in relation to a particular Interest Reset Date, the first Business Day immediately preceding such Interest Reset Date.

"Reuters Screen US PRIME 1 Page" means the display on the "US PRIME 1" page on the Reuters Monitor Money Rates Service, or any successor service, or any replacement page or pages on that service, for the purpose of displaying prime rates or base lending rates of major U.S. banks.

DETERMINATION OF CD RATE. If the Interest Rate Basis for such Supplemental Obligation is the CD Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate, on the CD Interest Determination Date (as defined below), for negotiable U.S. dollar certificates of deposit having the Specified Index Maturity as published in H.15(519) under the heading "CDs (Secondary Market)". If the CD Rate cannot be determined in this manner, the following procedures will apply in determining the CD Rate:

If the rate described above does not appear published in H.15(519) by 3:00 P.M., New York City time, on the Calculation Date corresponding to such CD Interest Determination Date, then the CD Rate will be the rate, for such CD Interest Determination Date, as published in H.15 Daily Update, or another recognized electronic source used for displaying that rate, under the heading "CDs (Secondary Market)".

If the rate described in (a) does not appear in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the CD Rate will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Determination Date, by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City, as selected by the Calculation Agent for negotiable U.S. dollar certificates of deposit of major U.S. money center banks with a remaining maturity closest to the Index Maturity, and in a Representative Amount.

If fewer than three dealers selected by the Calculation Agent are quoting as described in (b), the CD Rate in effect for the new Interest Rate Reset Period will be the CD Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"CD Interest Determination Date" means, in relation to a particular Interest Reset Date, the second Business Day immediately preceding such Interest Reset Date.

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DETERMINATION OF FEDERAL FUNDS EFFECTIVE RATE. If the Interest Rate Basis for such Supplemental Obligation is the Federal Funds Effective Rate, the Interest Rate Basis that takes effect on any Interest Reset Date shall equal the rate, on the Federal Funds Interest Determination Date (as defined below), for U.S. dollar federal funds, as published in H.15(519) under the heading "Federal Funds (Effective)", as that rate is displayed on Telerate Page 120. If the Federal Funds Effective Rate cannot be determined in this manner, the following procedures will apply in determining the Federal Funds Effective Rate:

If the rate described above is not displayed on Telerate Page 120 at 3:00 P.M., New York City time, on the Calculation Date corresponding to such Federal Funds Interest Determination Date (unless the calculation is made earlier and the rate is available from that source at that time), then the Federal Funds Effective Rate will be the rate, for such Federal Funds Interest Determination Date, described above as published in H.15 Daily Update, or another recognized electronic source used for displaying that rate, under the heading "Federal Funds (Effective)".

If the rate described in (a) is not displayed on Telerate Page 120 and does not appear in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date (unless the calculation is made earlier and the rate is available from one of those sources at that time), the Federal Funds Effective Rate will be the arithmetic mean of the rates for the last transaction in overnight, U.S. dollar federal funds arranged, before 9:00 A.M., New York City time, on such Federal Funds Interest Determination Date, by three leading brokers of U.S. dollar federal funds transactions in New York City selected by the Calculation Agent.

If fewer than three brokers selected by the Calculation Agent are quoting as described in (b), the Federal Funds Effective Rate in effect for the new Interest Rate Reset Period will be the Federal Funds Effective Rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

"Federal Funds Interest Determination Date" means, in relation to a particular Interest Reset Date, the first Business Day immediately preceding such Interest Reset Date.

DETERMINATION OF FEDERAL FUNDS OPEN RATE. If the Interest Rate Basis for such Supplemental Obligation is the Federal Funds Open Rate, the Interest Rate Basis shall equal the opening rate on the Federal Funds Interest Determination Date for United States dollar federal funds as displayed under the heading "Federal Funds" and opposite the caption "Open" on Moneyline Telerate, or any successor service, on page 5 or any other page as may replace that page on that service ("Moneyline Telerate Page 5").

If the rate described above does not appear on Moneyline Telerate Page 5 by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Open Rate will be the opening rate on the Federal Funds Interest Determination Date for United States dollar

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federal funds as displayed on the FEDFOPEN Index on Bloomberg, which is the Fed Funds Opening Rate as reported by Garban Capital Markets (or a successor) on Bloomberg.

If the rate described in the preceding paragraph does not appear on FEDFOPEN Index on Bloomberg by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Open Rate will be the rate calculated by the Calculation Agent as the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds arranged before 9:00 A.M., New York City time, on the Federal Funds Interest Determination Date by three leading brokers of United States dollar federal funds transactions in The City of New York selected by the Calculation Agent.

If one or more of the brokers selected by the Calculation Agent are not quoting as mentioned in the preceding paragraph, then the Federal Funds Open Rate will be the rate in effect for the prior Interest Rate Reset Period. If the Initial Interest Rate has been in effect for the prior Interest Rate Reset Period, however, it will remain in effect for the new Interest Rate Reset Period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

**DETERMINATION OF 11TH DISTRICT COST OF FUNDS RATE.** If the Interest Rate Basis is the 11th District Cost of Funds Rate, the Interest Rate Basis will be, with respect to any interest determination date, the rate equal to the monthly weighted average cost of funds for the calendar month preceding such interest determination date as set forth under the caption "11th District" on Telerate Page 7058 (or such other page as is specified in your pricing supplement) as of 11:00 a.m. San Francisco time, on such interest determination date.

If the rate described above does not appear on Telerate page 7058, the 11th District Cost of Funds Rate shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced by the Federal Home Loan Bank of San Francisco as such cost of funds for the calendar month preceding the date of such announcement.

If the Federal Home Loan Bank of San Francisco fails to announce such rate for the calendar month next preceding such interest determination date, then the 11th District Cost of Funds Rate will be the same as the rate used in the prior interest period.

The Interest Rate Basis determined in accordance with the foregoing provisions will be adjusted by the addition or subtraction of the Spread, if any, or by multiplying such Interest Rate Basis by the Spread Multiplier, if any.

Any reference to a Telerate Page, H.15(519), H.15 Daily Update, Reuters Screen US Prime 1 Page or heading shall include any successor page or heading as determined by the Calculation Agent.

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The "Calculation Date" pertaining to any Treasury Interest Determination Date, CMT Interest Determination Date, Commercial Paper Interest Determination Date, Prime Rate Interest Determination Date, CD Interest Determination Date or Federal Funds Interest Determination Date, as the case may be, shall be the earlier of (i) the tenth calendar day after such Interest Determination Date or, if any such day is not a Business Day, the next succeeding Business Day; and, (ii) the Business Day immediately preceding the Interest Payment Date or the Maturity, whichever is the day on which the payment of interest will be due. If LIBOR or EURIBOR is the specified Interest Rate Basis in the applicable Pricing Supplement, LIBOR and EURIBOR will be calculated on the relevant LIBOR Interest Determination Date or EURIBOR Interest Determination Date.

The Calculation Agent's determination of the interest rate on a Supplemental Obligation will be final and binding in the absence of manifest error. In calculating an Interest Rate Basis, the Calculation Agent may obtain quotations from banks and dealers that are affiliates of the Calculation Agent and/or the Company.

All percentages resulting from any calculation with respect to a Supplemental Obligation will be rounded upwards, or downwards, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, and all amounts used in or resulting from such calculations will be rounded to the nearest cent in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars (with one-half cent or one-half of a corresponding unit or more being rounded upwards).

Notwithstanding the foregoing, the interest rate on any Supplemental Obligation shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, shown in the applicable Pricing Supplement and, in any event, the interest rate on such Supplemental Obligation shall not be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application.

Accrued Interest on any Supplemental Obligation from the Original Issue Date or from the last date to which interest on such Supplemental Obligation has been paid, as the case may be, shall be an amount calculated by multiplying the face amount thereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factors calculated for each day from the Original Issue Date or from the last date to which interest shall have been paid or duly provided for, as the case may be, to but excluding the date for which accrued interest is being calculated. The interest factor (expressed as a decimal) for each such day shall be computed by dividing the interest rate (expressed as a decimal) applicable to such day by 360, in the case of Supplemental Obligations with a LIBOR, EURIBOR, Commercial Paper, Prime Rate, CD Rate or Federal Funds Interest Rate Basis, or by the actual number of days in the year, in the case of Supplemental Obligations with a Treasury Rate or CMT Interest Rate Basis.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of a Security of this series or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

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If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

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 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 interest hereon on or after the respective due dates expressed herein.

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 any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

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.

(Reverse of Security continued on next page)



The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiples of \$1,000 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.

This Security shall be subject to the provisions of the Indenture relating to Global Securities, including the limitations in Section 305 thereof on transfers and exchanges of Global Securities.

This Security is a Master Note and may be exchanged at any time, solely upon the request of the Company to the Trustee, for one or more Global Securities in the same aggregate principal amount, each of which may or may not be a Master Note, as requested by the Company. Each such replacement Global Security that is a Master Note shall reflect such of the Supplemental Obligations as the Company shall request. Each such replacement Global Security that is not a Master Note shall represent one (and only one) Supplemental Obligation as requested by the Company, and such Global Security shall be appropriately modified so as to reflect the terms of such Supplemental Obligation.

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

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(Reverse of Security continued on next page)

MASTER NOTE CUSIP NO. \_\_\_\_\_  
SUPPLEMENTAL OBLIGATION: \_\_\_\_\_  
Pricing Supplement No. and Date: \_\_\_\_\_  
Original Issue Date: \_\_\_\_\_

AMERICAN INTERNATIONAL GROUP, INC.  
MEDIUM-TERM NOTE, SERIES [G][AIG-FP][MP, MATCHED INVESTMENT PROGRAM]  
(Master Note)

OPTION TO ELECT REPAYMENT

TO BE COMPLETED ONLY IF THE SUPPLEMENTAL OBLIGATION REFERENCED IN  
THIS NOTICE  
IS REPAYABLE AT THE OPTION OF THE HOLDER AND  
THE HOLDER ELECTS TO EXERCISE SUCH RIGHT

The undersigned hereby irrevocably requests and instructs the Company to repay the Supplemental Obligation referred to in this notice (or the portion thereof specified below) at the applicable repayment price, together with interest to the repayment date, all as provided for in such Supplemental Obligation, to the undersigned, whose name, address and telephone number are as follows:

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(please print name of the undersigned)

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(please print address of the undersigned)

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(please print telephone number of the undersigned)

If such Supplemental Obligation provides for more than one repayment date, the undersigned requests repayment on the earliest repayment date after the requirements for exercising this option have been satisfied, and references in this notice to the repayment date mean such earliest repayment date. Terms used in this notice that are defined in the Security specified above are used herein as defined therein.

For such Supplemental Obligation to be repaid the Company must receive at the applicable address of the Trustee set forth below or at such other place or places of which the Company or the Trustee shall from time to time notify the Holder of such Security, any Business Day not later than the 15th or earlier than the 25th calendar day prior to the repayment date (or, if either such calendar day is not a Business Day, the next succeeding Business Day), (i) this

"Option to Elect Repayment" form duly completed and signed, or (ii) a facsimile transmission or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc., a commercial bank or a trust company in the United States of America setting forth (a) the name, address and telephone number of the Holder of such Security, (b) the principal amount of such Supplemental Obligation and the amount of such Supplemental Obligation to be repaid, (c) a statement that the option to elect repayment is being exercised thereby and (d) a guarantee stating that the form entitled "Option to Elect Repayment" on the addendum to such Security duly completed and signed will be received by the Company not later than five Business Days after the date of such facsimile transmission or letter (provided that such form duly completed and signed is received by the Company by such fifth Business Day). The address to which such deliveries are to be made is:

The Bank of New York  
Attention: Corporate Trust Administration  
101 Barclay Street  
New York, New York 10286

or at such other places as the Company or the Trustee shall notify the Holder of such Security.

If less than the entire principal amount of such Supplemental Obligation is to be repaid, specify the portion thereof (which shall equal any Authorized Denomination) that the Holder elects to have repaid:

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

\_\_\_\_\_  
NOTICE: The signature to this Option to Elect Repayment must correspond with the name of the Holder as written on the face of such Security in every particular, without alteration or enlargement or any other change whatsoever.

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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 _____
TEN ENT -- as tenants by the entireties	(Cust) (Minor)
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.

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

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

\_\_\_\_\_ the within Security and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_ attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

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

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement or any change whatever.



October 18, 2006

American International Group, Inc.,  
70 Pine Street,  
New York, New York 10270.

Ladies and Gentlemen:

We have acted as counsel to American International Group, Inc. (the "Company") in connection with the preparation and filing by the Company with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 (the "Act") as amended, of the prospectus supplement, dated October 12, 2006 (the "Prospectus Supplement"), relating to the \$25,139,770,000 Medium-Term Notes, Series G; Medium-Term Notes, Series AIG-FP; Medium-Term Notes, Series MP, Matched Investment Program. The Prospectus Supplement supplements the prospectus, dated July 24, 2006, contained in the Company's Registration Statement on Form S-3 (File No. 333-106040) and filed with the SEC under Rule 424(b)(2).

We hereby confirm to you our opinion as set forth under the heading "United States Taxation" in the Prospectus Supplement and we expressly consent to the inclusion of such opinion in the Prospectus Supplement. We also consent to the filing with the SEC of this letter as an exhibit to the Company's Current Report on Form 8-K, dated the date hereof, relating to establishment of the Medium-Term Note programs described in the Prospectus Supplement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/s/ SULLIVAN & CROMWELL LLP