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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 16, 2010

AMERICAN INTERNATIONAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-8787

(Commission File Number)

13-2592361

(IRS Employer
Identification No.)

180 Maiden Lane

New York, New York 10038

(Address of principal executive offices)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.04. Temporary Suspension of Trading Under Registrant's Employee Benefit Plans.

(a) On December 13, 2010, American International Group (the "Company") sent a notice (the "Notice") to its directors and executive officers notifying them that due to a change in third party provider of administrative services for the AIG Incentive Savings Plan, the American General Agents' and Managers' Thrift Plan, the Chartis Insurance Company — Puerto Rico Capital Growth Plan and the SunAmerica Executive Savings Plan (each a "Plan" and together, the "Plans"), Plan participants will be unable to perform fund transfers, reallocations, provide investment directions, change contribution elections, enroll, make a rollover into or obtain a loan, withdrawal, or distribution from a Plan, during the period beginning at 4:00 p.m. Eastern time Wednesday, December 29, 2010 and ending during the week of January 9, 2011 (the "Blackout Period"). During the Blackout Period, subject to certain exceptions all directors and executive officers of the Company will be unable to trade in Company equity securities and derivative securities if such securities were acquired in connection with employment or service as a director or executive officer of the Company.

The Notice, which was provided in accordance with Section 306(a) of the Sarbanes-Oxley Act of 2002 and Rule 104 of Regulation BTR, advises the Company's directors and executive officers of applicable trading restrictions. A copy of the notice is attached hereto as Exhibit 99.1 and is incorporated herein by reference. During the Blackout Period and for two years after the end date of the Blackout Period, a shareholder or other interested person may obtain, without charge, information regarding the Blackout Period, including the actual beginning and end dates by contacting Kathleen E. Shannon, Senior Vice President, American International Group, Inc., 80 Pine Street, New York, NY (212) 770-5123.

Item 7.01. Regulation FD Disclosure.

From October 2004 to April 2005, AIG shareholders filed derivative complaints in the Delaware Chancery Court in connection with transactions and events related to AIG's restatement of consolidated financial statements. These complaints were consolidated into a single action as In re American International Group, Inc. Consolidated Derivative Litigation, C.A. No. 769-VCS (the Consolidated Derivative Action). On August 25, 2010, AIG entered into a settlement agreement (the "Agreement") with the other parties to the Consolidated Derivative Action to resolve certain claims in those actions as described in the Agreement. Counsel for the derivative plaintiffs submitted the Agreement to the Delaware Court of Chancery on August 26, 2010. The Agreement also contemplates the settlement of related derivative cases now pending in New York federal and state court.

The Agreement was contingent upon funding from director and officer insurance policies ("D&O") from the 2004/2005 period. On November 11, 2010, AIG, the D&O insurance carriers, and certain insureds entered into an agreement which provided that funding ("the Insurance Agreement"). The Insurance Agreement is confidential. Pursuant to the

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Insurance Agreement, the D&O insurance carriers will pay a total of \$150 million, of which \$90 million will be paid to settle the derivative actions. The \$90 million payment, minus the derivative plaintiffs' attorneys' fees and other costs, will ultimately go to AIG.

On November 16, 2010, the Court entered a scheduling order (the "Scheduling Order") approving the form of notice and setting a Settlement Hearing for January 18, 2011 at the New Castle County Courthouse in Wilmington, Delaware. The Scheduling Order requires that notice of the settlement ("the Settlement Notice") should be given to shareholders of AIG in the form of this Current Report on Form 8-K. The Agreement and the Notice are attached as Exhibits 99.2 and 99.3, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1	Regulation BTR Notice
Exhibit 99.2	Settlement Agreement
Exhibit 99.3	Settlement Notice

SIGNATURES

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

AMERICAN INTERNATIONAL GROUP, INC.
(Registrant)

Date: December 13, 2010

By: /s/ Kathleen E. Shannon
Name: Kathleen E. Shannon
Title: Senior Vice President and Deputy General Counsel

EXHIBIT INDEX

<u>Exhibit No</u>	<u>Description</u>
Exhibit 99.1	Regulation BTR Notice
Exhibit 99.2	Settlement Agreement
Exhibit 99.3	Settlement Notice

**Important Notice to all Members of the Board of Directors and Executive Officers
Concerning Restrictions on Trading AIG Securities
During Upcoming Blackout Period**

December 13, 2010

General Information Regarding Blackout Period and This Notice.

American International Group, Inc. (the "Company") is moving the administration of certain of its employee benefits plans (the "Covered Plans") to a new third-party service provider. To provide time for the transition to the new platform, all participants in the Covered Plans will be temporarily restricted for a certain period (the "Blackout Period") from performing various transactions and obtaining information about their account(s). (Executive Officers who participate in any of the Covered Plans should have already received information regarding the Blackout Period.)

This Notice is being provided to you pursuant to the requirements of Section 306(a) of the Sarbanes-Oxley Act, Rule 104 of Regulation BTR under the Securities Exchange Act of 1934, as amended, and the Company's Regulation BTR Compliance Policy. During the Blackout Period, pursuant to Section 306(a) of the Sarbanes-Oxley Act of 2002, Directors and Executive Officers of the Company will be subject to certain trading restrictions, as described below.

Blackout Period. The Blackout Period for the Covered Plans, during which participants will be unable to perform fund transfers, reallocations, provide investment directions, change contribution elections, enroll, make a rollover into or obtain a loan, withdrawal, or distribution from a Covered Plan, will begin at 4:00 p.m. Eastern Time on Wednesday, December 29, 2010 and end during the week of January 9, 2011.

Trading Restrictions. During the Blackout Period, all Directors and Executive Officers of AIG will be unable, directly or indirectly, to purchase, sell or otherwise acquire or transfer any equity securities of AIG and derivative securities, including options, if such securities were acquired in connection with employment or service as a Director or Executive Officer of the Company. Transactions by a Director's or Executive Officer's family members or by entities in which a Director or Executive Officer has an interest are subject to the transaction restrictions to the extent of the insider's pecuniary interest (determined in the same manner as for purposes of Section 16).

Important Exemptions. The payment of stock salary is covered by an exemption under Regulation BTR and is therefore not affected by the Blackout Period restrictions. Similarly, there is an exemption for the vesting of previously granted equity-based awards. Lastly, in the event that warrants to purchase shares of AIG Common Stock are issued, in connection with the recently announced recapitalization, during the Blackout Period (conditioned on the closing of the recapitalization), the issuance of such warrants is covered by a Reg BTR exemption and will not be prohibited by the Blackout Period. There are certain other transactions that are exempt from the Blackout Period restrictions.

However, the exemptions are narrow and Directors and Executive Officers should consult with Kathy Shannon before taking any action involving AIG equity during the Blackout Period.

Please note that the trading restrictions imposed as a result of the Blackout Period are in addition to the trading restrictions under AIG's Insider Trading Policy which remains in effect.

Questions. If Directors or Executive Officers have any questions about the Blackout Period, its beginning or end dates or the trading restrictions, please contact Kathy Shannon at American International Group, Inc., 80 Pine Street, 13th floor, New York, NY 10005 (212) 770-5123.

AMERICAN INTERNATIONAL GROUP, INC.,
CONSOLIDATED DERIVATIVE LITIGATION

Civil Action No. 769-VCS
(Del. Ch. New Castle County)

In re AMERICAN INTERNATIONAL GROUP,
INC. DERIVATIVE LITIGATION

Master File No. 04-cv-8406
(S.D.N.Y)

R.S. BASSMAN, individually and derivatively on
behalf of AMERICAN INTERNATIONAL GROUP, INC.,

Civil Action No. 05-cv-7022
(S.D.N.Y.)

Plaintiff,

v.

MAURICE R. GREENBERG, et al.,

Defendants,

and

AMERICAN INTERNATIONAL GROUP, INC.,

Nominal Defendant.

DAVID M. KLEINHANDLER, derivatively on
behalf of American International Group, Inc.,

Plaintiff,

v.

MAURICE R. GREENBERG and HOWARD I. SMITH,

Defendants,

and

AMERICAN INTERNATIONAL GROUP, INC.,

Nominal Defendant.

Civil Action No. 05-cv-6417
(S.D.N.Y.)

TEACHERS' RETIREMENT SYSTEM OF
LOUISIANA, et al.,

Plaintiffs,

v.

VINCENT CANTWELL, et al.,

Defendants,

and

AMERICAN INTERNATIONAL GROUP, INC.

Nominal Defendant.

Index No. 650064/2009
(Sup. Ct. N.Y. Cty.)

Agreement Between the Teachers' Retirement System of Louisiana; the City of New Orleans Employees' Retirement System; John Paul Fulco, Trustee f/b/o Lucia Forastiere Irrevocable June Forastiere Backe Children's Trust; Paula Rosen; Thomas McAdam; Bruce G. Murphy; Jerome Kaplan, Trustee, Trust of Edith J. Kaplan; Marilyn Clark; Gail Fink; Maxine Marcus; Pirelli Armstrong Tire Corporation Retiree Medical Benefits Trust; Dr. Frederick Hauber; R. S. Bassman; David M. Kleinhandler;¹ C.V. Starr & Company, Inc.; Starr International Company, Inc.; Vincent Cantwell; Michael J. Castelli; Carlos Coello; Maurice R. Greenberg; Robert P. Jacobson; Edward E. Matthews; Christian M. Milton; John Mohs; L. Michael Murphy; Karen Radke; Howard I. Smith; Martin Sullivan; Jean-Baptist Tateossian; Thomas R. Tizzio; Joseph H. Umansky; Bernard Aidinoff; Steven J. Bensinger; Marshall A. Cohen; William Dooley; Martin Feldstein; Ellen Futter; Stephen Hammerman; Richard Holbrooke; George Miles; Kristian Moor; Win Neuger; Edmund Tse; Jay Wintrob; and Frank Zarb

WHEREAS, on October 21, 2004, a shareholder derivative complaint captioned *John Paul Fulco, Trustee f/b/o Lucia Forastiere Irrevocable June Forastiere Backe Children's Trust v. Greenberg et al.* (Del. Ch.) was filed in the Court of Chancery, New Castle County, Delaware ("Court of Chancery"), and

WHEREAS, two additional shareholder derivative complaints, captioned *Jerome Kaplan, Trustee, Trust of Edith J. Kaplan v. Greenberg et al.* (Del. Ch.) and *Paula Rosen v. Greenberg et al.* (Del. Ch.), were filed in the Court of Chancery on October 22, 2004 and November 4, 2004, respectively, and

WHEREAS, on December 7, 2004, the Court of Chancery consolidated the three then-pending shareholder derivative actions under the caption *American International Group, Inc. Consolidated Derivative Litigation*, C.A. No. 769-VCS (the "Delaware Derivative Action"), and

WHEREAS, two additional shareholder derivative complaints were filed in April 2005, and on May 17, 2005, the Teachers' Retirement System of Louisiana ("TRSL") filed an amendment to an existing complaint in a separate action pending before the Court of Chancery, and

¹ The Teachers' Retirement System of Louisiana; the City of New Orleans Employees' Retirement System; John Paul Fulco, Trustee f/b/o Lucia Forastiere Irrevocable June Forastiere Backe Children's Trust; Paula Rosen; Thomas McAdam; Bruce G. Murphy; Jerome Kaplan, Trustee, Trust of Edith J. Kaplan; Marilyn Clark; Gail Fink; Maxine Marcus; Pirelli Armstrong Tire Corporation Retiree Medical Benefits Trust; Dr. Frederick Hauber; R. S. Bassman; and David M. Kleinhandler are parties to this agreement in their capacity as shareholders of AIG that have asserted rights of AIG in certain pending derivative litigations.

WHEREAS, on June 10, 2005, the Court of Chancery entered an order consolidating the two derivative actions filed in April 2005 into the Delaware Derivative Action, and providing for the claims that were added to TRSL's separate action on May 17, 2005 to be severed from that action and consolidated into the Delaware Derivative Action, and

WHEREAS, counsel for the plaintiffs in the shareholder derivative actions that were filed in the Court of Chancery agreed upon a leadership structure whereby the consolidated Delaware Derivative Action would be prosecuted by TRSL and the City of New Orleans Retirement System (together, the "Delaware Derivative Plaintiffs") as co-lead plaintiffs, and

WHEREAS, on August 6, 2005, the Delaware Derivative Plaintiffs filed a First Amended Consolidated Stockholders' Derivative Complaint, which included the claims filed in the consolidated Delaware actions and the newly-added claims from TRSL's separate action, and

WHEREAS, beginning on October 25, 2004 through November 15, 2004, other shareholder derivative plaintiffs filed shareholder derivative actions in the Southern District of New York captioned *Gail Fink v. Greenberg et al.* (S.D.N.Y.), *Maxine Marcus v. Greenberg et al.* (S.D.N.Y.), *Marilyn Clark v. Greenberg et al.* (S.D.N.Y.), *Pirelli Armstrong Tire Corporation Retiree Medical Benefits Trust v. Greenberg et al.* (S.D.N.Y.), and *Dr. Frederick Hauber v. Greenberg et al.* (S.D.N.Y.) (the "New York federal derivative actions"), and

WHEREAS, on February 7, 2005, the Southern District of New York entered an order consolidating the New York federal derivative actions under the caption *In re American International Group, Inc. Derivative Litigation*, No. 04-CV-8406 (the "New York Federal Consolidated Derivative Action"), and further providing that the consolidation order applied to all related subsequently filed actions unless a party filed an objection with the Court as provided for in the order, and

WHEREAS, other shareholder derivative plaintiffs subsequently filed shareholder derivative complaints in the Southern District of New York under the captions *Bassman v. Greenberg*, No. 05-CV-7022 (S.D.N.Y.) ("*Bassman*"), and *Kleinhandler v. Greenberg*, No. 05-CV-6417 (S.D.N.Y.) ("*Kleinhandler*"), and, after notice, did not object to being consolidated in the New York Federal Consolidated Derivative Action, and

WHEREAS, the shareholder plaintiffs in the New York Federal Consolidated Derivative Action filed an amended shareholder derivative complaint on November 18, 2005, and

WHEREAS, the shareholder derivative complaints that were consolidated in the Delaware Derivative Action and the New York Federal Consolidated Derivative Action, and the shareholder derivative complaints in *Bassman* and *Kleinhandler*, named as

defendants various current and former officers, directors and employees of American International Group, Inc. (“AIG”), including Bernard Aidinoff (“Aidinoff”), Eli Broad (“Broad”), Michael Castelli (“Castelli”), Pei-Yuan Chia (“Chia”), Carlos Coello (“Coello”), Marshall A. Cohen (“M. Cohen”), William Cohen (“W. Cohen”), Barber Conable (“Conable”), Robert Crandall (“Crandall”), Martin Feldstein (“Feldstein”), Ellen Futter (“Futter”), Leslie Gonda (“Gonda”), John Graf (“Graf”), Evan Greenberg (“E. Greenberg”), Maurice R. Greenberg (“Greenberg”), Carla Hills (“Hills”), Frank Hoenemeyer (“Hoenemeyer”), Richard Holbrooke (“Holbrooke”), Donald P. Kanak (“Kanak”), Edward E. Matthews (“Matthews”), Christian Milton (“Milton”), John Mohs (“Mohs”), Kristian Moor (“Moor”), Michael Murphy (“Murphy”), Frank Petralito (“Petralito”), Dean Phypers (“Phypers”), Karen Radke (“Radke”), John Roberts (“Roberts”), Howard I. Smith (“Smith”), Ernest Stempel (“Stempel”), Martin Sullivan (“Sullivan”), Jean-Baptist Tateossian (“Tateossian”), Thomas Tizzio (“Tizzio”), Edmund Tse (“Tse”), Jay Wintrob (“Wintrob”), Frank Wisner (“Wisner”), and Frank Zarb (“Zarb”), and

WHEREAS, AIG appointed a special litigation committee (the “SLC”) to investigate the claims alleged in the Delaware Derivative Action and the New York Federal Consolidated Derivative Action, and those actions were stayed until March 14, 2007 to permit the SLC to complete its investigation, and

WHEREAS, the SLC decided it was in AIG’s best interests to (a) directly pursue the claims that had been asserted in the Delaware Derivative Action against Greenberg and Smith, (b) seek the dismissal of certain defendants and claims, and (c) take no position on the remaining claims, and

WHEREAS, on March 13, 2007, the Delaware Derivative Plaintiffs and AIG filed a stipulation with the Court of Chancery stating that AIG had decided to realign itself as a party plaintiff in the Delaware Derivative Action and would have until June 13, 2007 to file an amended complaint and to move to terminate the litigation with respect to certain defendants, and

WHEREAS, on June 13, 2007, AIG (a) filed an Amended Complaint asserting claims against Greenberg and Smith only, and (b) moved to terminate the Delaware Derivative Action with respect to certain other defendants who had been named in the shareholder derivative complaints, and

WHEREAS, following the completion of the SLC’s investigation, the parties to the Delaware Derivative Action agreed to a further stay of the proceedings, with the exception of briefing on the motions to dismiss, pending resolution of the claims against AIG in *In re AIG Securities Litigation*, No. 04-CV-8141 (S.D.N.Y.) (“the Securities Litigation”), and

WHEREAS, following the completion of the SLC’s investigation, the parties to the New York Federal Consolidated Derivative Action, who had previously

agreed to a stay of proceedings until September 14, 2007, filed a stipulation with the New York federal court on September 11, 2007 that extended the stay of the New York Federal Consolidated Derivative Action until such time as the Delaware Derivative Action was resolved, provided that any termination of a named defendant from the Delaware Derivative Action (by motion of the SLC) will apply to the New York Federal Consolidated Derivative Action without further order of the court, and provided that AIG will not seek to settle or release any of the federal claims asserted in the New York Federal Consolidated Derivative Action against defendants Greenberg and Smith without consent of plaintiffs in the New York Federal Consolidated Derivative Action or the United States District Court for the Southern District of New York, and

WHEREAS, during the pendency of the stays referenced above, the Delaware Derivative Plaintiffs have had access to the extensive document discovery database from the Securities Litigation containing millions of pages of documents, as well as copies of the deposition transcripts from that litigation, which the Delaware Derivative Plaintiffs have reviewed and utilized in connection with various amendments of their complaint, and

WHEREAS, on September 28, 2007, AIG and the Delaware Derivative Plaintiffs jointly filed a Combined Amended Complaint in the Delaware Derivative Action, wherein AIG asserted claims directly against Greenberg and Smith (the "Non-Derivative Claims") and the Delaware Derivative Plaintiffs asserted claims derivatively on behalf of AIG against current and former AIG employees Vincent Cantwell ("Cantwell"), Castelli, Coello, Robert P. Jacobson ("Jacobson"), Matthews, Milton, Mohs, Murphy, Radke, Tateossian, Tizzio and Joseph H. Umansky ("Umansky") (the "Derivative Claims"), and

WHEREAS, Cantwell, Jacobson and Umansky had not yet been named as defendants at the time when (a) the SLC conducted its investigation and (b) AIG moved to terminate the Delaware Derivative Action with respect to certain defendants, and

WHEREAS, on April 11, 2008, AIG and the Delaware Derivative Plaintiffs jointly filed the First Amended Combined Complaint, which did not alter the Non-Derivative Claims but which asserted additional Derivative Claims, including a new derivative claim against Greenberg, and

WHEREAS, motions to dismiss the First Amended Combined Complaint were filed in the Delaware Derivative Action on June 13, 2008, and

WHEREAS, during the course of briefing on the motions to dismiss, the Delaware Derivative Plaintiffs voluntarily dismissed defendants Cantwell, Jacobson and Umansky from the Delaware Derivative Action without prejudice, and

WHEREAS, on February 10, 2009, following extensive briefing and oral argument by counsel for the Delaware Derivative Plaintiffs, the motions to dismiss the Derivative Claims were denied with respect to defendants Greenberg, Smith, Matthews,

and Tizzio, and granted for lack of personal jurisdiction with respect to defendants Castelli, Coello, Milton and Radke, and

WHEREAS, on February 11, 2009, the Delaware Derivative Plaintiffs commenced a shareholder derivative action in New York Supreme Court, New York County, captioned *Teachers Retirement System of La. v. Cantwell, et al.*, No. 650064/2009 (N.Y. Sup. Ct., N.Y. Cty.) (the “New York State Derivative Action”), asserting claims against, among others, certain persons who were never successfully made a party to the Delaware Derivative Action, or who were dismissed from the Delaware Derivative Action, including Cantwell, Castelli, Coello, Jacobson, Milton, Mohs, Murphy, Radke, Tateossian and Umansky, and

WHEREAS, on March 9, 2009, the Delaware Derivative Plaintiffs voluntarily dismissed defendants Mohs, Murphy and Tateossian from the Delaware Derivative Action, without prejudice, for lack of personal jurisdiction, and

WHEREAS, on March 12, 2009, Greenberg asserted cross-claims in the Delaware Derivative Action against, among others, Tizzio, and third party claims against, among others, Aidinoff, Steven J. Bensinger (“Bensinger”), M. Cohen, William Dooley (“Dooley”), Feldstein, Futter, Stephen Hammerman (“Hammerman”), Holbrooke, George Miles (“Miles”), Moor, Win Neuger (“Neuger”), Sullivan, Tse, Wintrob, and Zarb (the “AIG Cross-Claim/Third Party Defendants”) (the AIG Cross-Claim/Third Party Defendants, together with Broad, Chia, W. Cohen, Conable, Crandall, Gonda, Graf, E. Greenberg, Hills, Hoenemeyer, Kanak, Petralito, Pypers, Roberts, Stempel, Tse and Wisner, are hereinafter referred to collectively as the “AIG Defendants”), and

WHEREAS, motions to dismiss have been fully briefed in the New York State Derivative Action, but oral argument has been postponed until September 30, 2010, in light of the agreement reflected herein, and

WHEREAS, C.V. Starr & Company, Inc. (“C.V. Starr”), Starr International Company, Inc. (“SICO”), Cantwell, Castelli, Coello, Greenberg, Jacobson, Matthews, Milton, Mohs, Murphy, Radke, Smith, Sullivan, Tateossian, Tizzio and Umansky (collectively, the “D&O Beneficiaries”), the Delaware Derivative Plaintiffs, and the derivative plaintiffs in the New York State Derivative Action, the New York Federal Consolidated Derivative Action, *Bassman*, and *Kleinhandler* (together with the D&O Beneficiaries and the AIG Cross-Claim/Third Party Defendants, the “Parties”) desire to resolve the disputes pending in the Delaware Derivative Action; the New York State Derivative Action; the New York Federal Consolidated Derivative Action; the New York State Derivative Action; *Bassman*; and *Kleinhandler* (collectively, the “Derivative Cases”), and

WHEREAS, AIG, C.V. Starr, SICO, Greenberg and Smith executed a Memorandum of Understanding, dated November 25, 2009 (the “November 25, 2009 MOU”), and

WHEREAS, on February 5, 2010, pursuant to the November 25, 2009 MOU, AIG, Greenberg and Smith filed a Stipulation and Notice of Voluntary Dismissal with Prejudice in the Delaware Derivative Action providing that the direct claims asserted in the action by AIG against Greenberg and Smith were dismissed with prejudice, and

WHEREAS, the Parties to the instant agreement (the "Agreement") and AIG collectively have claims pending against a 2004-2005 D&O insurance tower with a coverage limit of \$200,000,000 (two hundred million dollars) (the "D&O Insurance Tower"), and

WHEREAS, the Parties and AIG have aggregate claims against the D&O Insurance Tower substantially in excess of the \$200,000,000 (two hundred million dollars) of insurance coverage provided by the D&O Insurance Tower, and

WHEREAS, the insurance companies that provide coverage under the D&O Insurance Tower (the "D&O Carriers") dispute that the D&O Insurance Tower is available to pay the claims made under the policies, and

WHEREAS, the Parties desire to resolve their disputes, including disputes regarding the appropriate allocation of their respective rights to the D&O Insurance Tower, and

WHEREAS, counsel for Greenberg and Smith participated in a mediation (the "Mediation") with counsel for AIG, counsel for the Delaware Derivative Plaintiffs, and representatives of the D&O Carriers on February 10 and 11, 2010 and March 16, 2010 before the Hon. Layn R. Phillips (ret.) in order to resolve their disputes regarding the D&O Insurance Tower pursuant to the understandings and agreements set forth herein, and

WHEREAS, the Parties have agreed to a settlement ("Settlement") of the claims between and among them in the Derivative Cases, on the terms set forth herein, and

WHEREAS, the institution and prosecution of the Derivative Cases was a material factor in securing the Settlement Amount, as set forth in Paragraph 1 below;

NOW, THEREFORE, IT IS HEREBY AGREED by and among the Parties, that:

1. This Agreement is conditioned upon execution of and compliance with a written settlement agreement under which the D&O Carriers pay \$90 million (ninety million dollars) (the "Settlement Amount") of the proceeds under the D&O Insurance Tower into an interest-bearing escrow account (the "escrow account") maintained by counsel for the Delaware Derivative Plaintiffs for the benefit of AIG, and \$60 million (sixty million dollars) of the proceeds under the D&O Insurance Tower to Greenberg and Smith jointly. No provision of this Agreement shall be effective until such payment is made.

2. Within twenty days of the execution of this Agreement and the D&O Carriers depositing the Settlement Amount in the escrow account, whichever is later:

(a) The Delaware Derivative Plaintiffs shall request approval by the Court of Chancery of a form of notice to be provided to AIG's shareholders to inform them of the Settlement in accordance with Court of Chancery Rule 23.1(c), and shall request a hearing date at the earliest convenience of the Court to consider the Delaware Derivative Plaintiffs' request for approval of the Settlement and for dismissal of the Delaware Derivative Action against the D&O Beneficiaries and the AIG Defendants with prejudice, and

(b) The plaintiffs in the New York Federal Consolidated Derivative Action, *Kleinhandler, Bassman*, and the New York State Derivative Action shall request a stay, to the extent such a stay is not already in place, of all proceedings in those actions with respect to any claims against the D&O Beneficiaries and the AIG Defendants, pending a decision by the Court of Chancery on whether to approve the Settlement.

3. If the Court of Chancery approves the Settlement and dismisses the Delaware Derivative Action with prejudice against the D&O Beneficiaries and the AIG Defendants, then, within ten days after entry of such order(s) the plaintiffs in the New York Federal Consolidated Derivative Action, *Kleinhandler, Bassman*, and the New York State Derivative Action shall request dismissal of those actions against the D&O Beneficiaries and the AIG Defendants with prejudice, in light of the notice to AIG's shareholders that was provided in the Delaware Derivative Action and the Court of Chancery's approval of the Settlement (including the releases set forth in Paragraphs 6 through 8 herein).

4. For the purposes of this Agreement, the term "Final Settlement Date" means the date on which each of the following has occurred: (a) the Court of Chancery has approved the Settlement, including the releases set forth in Paragraphs 6 through 8 herein, and has entered an order or judgment dismissing the Delaware Derivative Action against the D&O Beneficiaries and the AIG Defendants with prejudice; (b) the Courts in the New York Federal Consolidated Derivative Action, *Kleinhandler, Bassman*, and the New York State Derivative Action have entered orders or judgments dismissing with prejudice each of the actions against the D&O Beneficiaries and the AIG Defendants; (c) the time for taking an appeal from the dismissal of any of the Derivative Cases against the D&O Beneficiaries and the AIG Defendants has expired, or, if any appeal is taken, the date on which all appeals, including petitions for rehearing or reargument, petitions for writ of review, and petitions for certiorari or any other form of review, have been finally disposed of (whether through expiration of time to file, denial of any request for review, by affirmance on the merits, or otherwise) in a manner that does not result in any material alteration of the orders or judgments of dismissal; and (d) any awards of attorneys' fees and/or expenses in any of the Derivative Cases have been made and are in accordance with Paragraphs 11 through 13 herein.

5. Upon the Final Settlement Date, counsel for the Delaware Derivative Plaintiffs shall cause the Settlement Amount (including any interest thereon) to be remitted to AIG, less (i) any applicable taxes and other costs of maintaining the escrow account, (ii) any attorneys' fees and expenses as are awarded to counsel for any of the plaintiffs in the Derivative Cases (and any applicable interest thereon), subject to the limitations of Paragraphs 11 through 13 herein, to the extent not already paid in accordance with Paragraphs 11 and 13, and (iii) the costs of providing notice of the Settlement to AIG's stockholders. With the exception of the costs described in (i) and (iii) above and except as permitted in Paragraphs 11 and 13, no monies may be removed from the escrow account for any purpose prior to the Final Settlement Date.

6. Upon the Final Settlement Date, the plaintiffs in the Derivative Cases (not to include AIG), derivatively on behalf of AIG, thereby release and forever discharge the D&O Beneficiaries and all other current and former AIG officers, directors and employees, including Aidinoff, Broad, Bensinger, Chia, M. Cohen, W. Cohen, Conable, Crandall, Dooley, Feldstein, Futter, Gonda, Graf, E. Greenberg, Hammerman, Hills, Hoenemeyer, Holbrooke, Kanak, Miles, Moor, Neuger, Petralito, Pypers, Roberts, Stempel, Sullivan, Tse, Wintrob, Wisner and Zarb, from any and all claims, debts, demands, rights or causes of action or liabilities whatsoever, known or unknown, that were brought, could have been brought, or should have been brought in a derivative capacity at any point from the beginning of time through the date of this Agreement on behalf of AIG, and that arise out of or relate in any way to the allegations made in the First Amended Combined Complaint, the complaint filed in the New York State Derivative Action, the complaint filed in the New York Federal Consolidated Derivative Action, the complaints filed in *Bassman* and *Kleinhandler*, or to any of the events or transactions that were the subject of the First Amended Combined Complaint, the complaint filed in the New York State Derivative Action, the complaint filed in the New York Federal Consolidated Derivative Action, or the complaints filed in *Bassman* and *Kleinhandler*. Nothing in this Agreement is intended to, nor shall it be construed as, a release of any claims against any persons other than the D&O Beneficiaries and other current and former AIG officers, directors and employees. Nothing in this Agreement is intended to, nor shall it be construed as, a release by the plaintiffs in the Derivative Cases of any claims they may have as members of the class in the Securities Litigation. In addition, for the avoidance of doubt, the released claims do not include any claims that have been asserted in the currently pending complaints or that arise from any appeals stemming therefrom in *Bible v. Liddy, et al.*, C.A. No. BC410879 (pending in California Superior Court, Los Angeles County); *City of New Orleans Employees' Retirement System v. Bensinger, et al.*, C.A. No. 4042-VCS (pending in the Delaware Court of Chancery, New Castle County); *Grill v. Bollenbach, et al.*, C.A. No. 650150 (pending in New York Supreme Court, New York County); *Hauber v. Sullivan, et al.*, C.A. No. 08-003951 (pending in New York Supreme Court, Nassau County); *In Re American International Group, Inc.*, 2007 Derivative Litigation, Lead Case No. 07-CV-10464 (S.D.N.Y.) (LAP) (previously pending in the United States District Court for the Southern District of New York and currently on appeal before the United States Court of Appeals for the Second Circuit); *John Paul Fulco, Trustee f/b/o Lucia Forastiere Irrevocable June Forastiere Backe Children's Trust v.*

Cassano, et al., C.A. No. 4290-VCS (pending in the Delaware Court of Chancery, New Castle County); or *Pride Invs., Inc. v. Bensinger, et al.*, C.A. No. BC426595 (pending in California Superior Court, Los Angeles County).

7. Upon the Final Settlement Date, the D&O Beneficiaries thereby release and forever discharge each other and the plaintiffs in the Derivative Cases (not to include AIG) from any and all claims, debts, demands, rights or causes of action or liabilities whatsoever, known or unknown, that were brought, could have been brought, or should have been brought at any point from the beginning of time through the date of this Agreement, and that arise out of or relate in any way to the allegations made in the First Amended Combined Complaint, the complaint filed in the New York State Derivative Action, the complaint filed in the New York Federal Consolidated Derivative Action, the complaints filed in *Bassman* and *Kleinhandler*, or to any of the events or transactions that were the subject of the First Amended Combined Complaint, the complaint filed in the New York State Derivative Action, the complaint filed in the New York Federal Consolidated Derivative Action, or the complaints filed in *Bassman* and *Kleinhandler*, including claims brought derivatively on behalf of AIG. This release shall not affect, and is not intended to affect, any rights or obligations between or among the D&O Beneficiaries under other agreements between or among them, including, but not limited to, employment separation agreements and pension or investment rights and obligations.

8. Upon the Final Settlement Date, the D&O Beneficiaries, on the one hand, and the AIG Cross-Claim/Third Party Defendants, on the other hand, thereby release and forever discharge each other from any and all claims, debts, demands, rights or causes of action or liabilities whatsoever, known or unknown, that were brought, could have been brought, or should have been brought at any point from the beginning of time through the date of this Agreement, and that arise out of or relate in any way to the allegations made in the First Amended Combined Complaint, the complaint filed in the New York State Derivative Action, the complaint filed in the New York Federal Consolidated Derivative Action, the complaints filed in *Bassman* and *Kleinhandler*, or to any of the events or transactions that were the subject of the First Amended Combined Complaint, the complaint filed in the New York State Derivative Action, the complaint filed in the New York Federal Consolidated Derivative Action, or the complaints filed in *Bassman* and *Kleinhandler*, including claims brought derivatively on behalf of AIG and third party and cross claims brought by Greenberg and/or Smith. This release shall not affect, and is not intended to affect, any rights or obligations between or among the D&O Beneficiaries and the AIG Cross-Claim/Third Party Defendants under other agreements between or among them, including, but not limited to, employment separation agreements and pension or investment rights and obligations.

9. Nothing in this Agreement is intended to be, nor shall it be construed to be, a release of any claims by the D&O Beneficiaries against any insurance coverage to which they may be entitled, which is a matter that the D&O Beneficiaries intend to address separately in the written settlement agreement with the D&O Carriers described in Paragraph 1 herein. This Agreement also does not affect, nor shall it be

construed to affect, any rights that the D&O Beneficiaries or any of the AIG Defendants may have to indemnification or advancement.

10. It is intended and agreed by the Parties that the damages which may be recovered derivatively on behalf of AIG by the plaintiffs in the Derivative Cases against tortfeasors other than the D&O Beneficiaries shall be reduced to the extent of the pro rata share of the D&O Beneficiaries. The foregoing language is intended to comply with 10 Del. C. § 6304(b) and NY CPLR § 15-108, to the extent applicable, so as to preclude any liability of any of the D&O Beneficiaries to any other alleged tortfeasors, for contribution or otherwise; and any language of this release inconsistent with such intent or with the requirements of 10 Del. C. § 6304(b) and NY CPLR § 15-108 for the execution of such intent shall be void and of no consequence, and in place thereof it is agreed that it shall be considered that this document contains such other language, if any, as is necessary to make effectual the express intent of the parties as aforementioned.

11. Counsel for the Delaware Derivative Plaintiffs agree that they will seek, on behalf of all counsel in the Delaware Derivative Action and any of the cases consolidated therein, an award from the Court of Chancery of attorneys' fees of no more than 22.5 percent of the Settlement Amount, plus no more than \$1,000,000 in expenses, to be used to pay for any awards of attorneys' fees and expenses in the Delaware Derivative Action and any of the cases consolidated therein. Counsel for the Delaware Derivative Plaintiffs shall request that the court's order awarding such fees and expenses specify that any fees and expenses so awarded fully satisfy any obligation by AIG to pay any attorneys' fees and/or expenses in the Delaware Derivative Action or any of the cases consolidated therein. The D&O Beneficiaries and AIG agree to take no position on this fee and expense request. The plaintiffs and plaintiffs' counsel in the New York Federal Consolidated Derivative Action, *Bassman*, and *Kleinhandler* played no part in any negotiations surrounding any request for fees and expenses by counsel for the plaintiffs in the Delaware Derivative Action, and take no position on this request. The Parties acknowledge and agree that any fees and expenses awarded to counsel for the Delaware Derivative Plaintiffs shall be paid from the escrow account to the Delaware Derivative Plaintiffs' counsel within five (5) business days after entry of the order awarding such attorneys' fees or expenses, notwithstanding the existence of any timely filed objections to that order, or potential for appeal therefrom, or any collateral attack on the Settlement or any part thereof; provided, however, that (a) in the event that the Final Settlement Date does not occur such that the Settlement Amount must be returned to the D&O Carriers, the Delaware Derivative Plaintiffs' counsel shall, within five (5) business days after receiving notice from AIG or the D&O Carriers, return to the escrow account the full amount withdrawn plus accrued interest at the same net rate as was earned by the escrow account; and (b) in the event that the award of fees and expenses to the Delaware Derivative Plaintiffs' counsel is reduced, reversed or otherwise modified, whether on appeal, further proceedings on remand, successful collateral attack or otherwise, then the Delaware Derivative Plaintiffs' counsel shall, within five (5) business days after receiving notice of any such reduction, reversal or other modification, return to the escrow account (or to AIG, if the balance in the escrow account has already been remitted to AIG) the difference between the amount initially

awarded and any amount ultimately and finally awarded, plus accrued interest at the same net rate as was earned by the escrow account.

12. Provided that the Court of Chancery awards attorneys' fees and expenses in the full amount requested by the Delaware Derivative Plaintiffs' counsel in accordance with Paragraph 11 above, counsel for the plaintiffs in the New York State Derivative Action agree not to seek any award of attorneys' fees or expenses in the New York State Derivative Action. In the event that the Court of Chancery awards attorneys' fees and expenses less than the amount requested, counsel for the plaintiffs in the New York State Derivative Action may request an award of attorneys' fees and/or expenses in that action sufficient to make the total amount awarded in the Delaware Derivative Action and the New York State Derivative Action equal to the amount requested in the Delaware Derivative Action in accordance with Paragraph 11. The D&O Beneficiaries, AIG, and the plaintiffs and plaintiffs' counsel in the New York Federal Consolidated Derivative Action, *Bassman*, and *Kleinhandler* agree to take no position on this fee and expense request.

13. Separate and apart from the fees and expenses to be requested in the Delaware Derivative Action and the New York State Derivative Action, counsel for the plaintiffs in the New York Federal Consolidated Derivative Action agree that they will seek, on behalf of all counsel in the New York Federal Consolidated Derivative Action, any of the cases consolidated therein, *Bassman*, and *Kleinhandler*, a fee of no more than \$2,500,000 to be used to pay for any awards of attorneys' fees and expenses in the New York Federal Consolidated Derivative Action, any of the cases consolidated therein, *Bassman*, and/or *Kleinhandler*. Counsel for the plaintiffs in the New York Federal Consolidated Derivative Action shall request that the court's order awarding such fees and expenses specify that any fees and expenses so awarded fully satisfy any obligation by AIG to pay any attorneys' fees and/or expenses in the New York Federal Consolidated Derivative Action, any of the cases consolidated therein, *Bassman*, and/or *Kleinhandler*. The D&O Beneficiaries and AIG agree to take no position on this fee and expense request. The Delaware Derivative Plaintiffs and their counsel played no part in any negotiations surrounding any request for fees and expenses by counsel for the plaintiffs in the New York Federal Consolidated Derivative Action, and take no position on this request. The Parties acknowledge and agree that any fees and expenses awarded to counsel for the plaintiffs in the New York Federal Consolidated Derivative Action shall be paid from the escrow account to such counsel within five (5) business days after entry of the order awarding such attorneys' fees or expenses, notwithstanding the existence of any timely filed objections to that order, or potential for appeal therefrom, or any collateral attack on the Settlement or any part thereof; provided, however, that (a) in the event that the Final Settlement Date does not occur such that the Settlement Amount must be returned to the D&O Carriers, counsel for the plaintiffs in the New York Federal Consolidated Derivative Action shall, within five (5) business days after receiving notice from AIG or the D&O Carriers, return to the escrow account the full amount withdrawn plus accrued interest at the same net rate as was earned by the escrow account; and (b) in the event that the award of fees and expenses to the counsel for the plaintiffs in the New York Federal Consolidated Derivative Action is reduced, reversed or otherwise modified, whether on appeal, further

proceedings on remand, successful collateral attack or otherwise, then counsel for the plaintiffs in the New York Federal Consolidated Derivative Action shall, within five (5) business days after receiving notice of any such reduction, reversal or other modification, return to the escrow account (or to AIG, if the balance in the escrow account has already been remitted to AIG) the difference between the amount initially awarded and any amount ultimately and finally awarded, plus accrued interest at the same net rate as was earned by the escrow account.

14. The Parties agree that the Hon. Layn R. Phillips (or, if he is unable to serve, the Hon. Daniel Weinstein) will have exclusive and binding authority to interpret and resolve any disputes in whole or in part arising from, or relating to, this Agreement.

15. The Parties agree that the escrow account is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that counsel for the Delaware Derivative Plaintiffs, as administrators of the escrow account within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed all informational and other tax returns as may be necessary or appropriate (including, without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the escrow account. All taxes on the income earned on the Settlement Amount shall be paid out of the Settlement Amount and counsel for the Delaware Derivative Plaintiffs shall also be solely responsible for causing payment to be made from the Settlement Amount of any taxes owed with respect to the Settlement Amount.

/s/ David Boies

David Boies

BOIES, SCHILLER & FLEXNER LLP

333 Main Street

Armonk, New York 10504

On behalf of Maurice R. Greenberg, C.V. Starr & Co., Inc, and Starr International Company, Inc.

Dated: 25 August 2010

/s/ Vincent A. Sama

Vincent A. Sama

WINSTON & STRAWN LLP

200 Park Avenue

New York, New York 10166

On behalf of Howard I. Smith

Dated: August 24, 2010

/s/ John Gardiner

John Gardiner
SKADDEN ARPS SLATE MEAGHER & FLOM LLP
Four Times Square
New York, New York 10036
On behalf of Edward Matthews

Dated: 8/20/2010

/s/ Stuart M. Grant

Stuart M. Grant
GRANT & EISENHOFER P.A.
1201 North Market Street
Wilmington, Delaware 19801
On behalf of Teachers Retirement System of Louisiana, and as Lead Counsel in the Delaware Derivative Action, on behalf of Paula Rosen; Thomas McAdam; Bruce G. Murphy; and Jerome Kaplan, Trustee, Trust of Edith J. Kaplan

Dated: August 20, 2010

/s/ Peter C. Harrar

Peter C. Harrar
WOLF HALDENSTEIN ADLER FREEMAN & HERZ LLP
270 Madison Avenue
New York, New York 10016
On behalf of the City of New Orleans Employees' Retirement System and John Paul Fulco, Trustee f/b/o Lucia Forastiere Irrevocable June Forastiere Backe Children's Trust, and as Lead Counsel in the Delaware Derivative Action, on behalf of Paula Rosen; Thomas McAdam; Bruce G. Murphy; and Jerome Kaplan, Trustee, Trust of Edith J. Kaplan

Dated: August 20, 2010

/s/ Brian J. Robbins

Brian J. Robbins
ROBBINS UMEDA LLP
600 B Street, Suite 1900
San Diego, California 92101
On behalf of Marilyn Clark, and as Lead Counsel in the New York Federal Consolidated Derivative Action, on behalf of Gail Fink, Maxine Marcus, Pirelli Armstrong Tire Corporation Retiree Medical Benefits Trust and Dr. Frederick Hauber

Dated: 8/18/10

/s/ Scott W. Fisher

Scott W. Fisher
GARWIN GERSTEIN & FISHER LLP
1501 Broadway
New York, New York 10036
On behalf of David M. Kleinhandler

Dated: August 16, 2010

/s/ Richard D. Greenfield

Richard D. Greenfield
GREENFIELD & GOODMAN LLC
250 Hudson Street, 8th Floor
New York, New York 10013
On behalf of R.S. Bassman

Dated: 8-18-10

/s/ David M. Murphy

David M. Murphy
Meredith L. Turner
WACHTELL, LIPTON, ROSEN & KATZ
51 West 52nd Street
New York, New York 10019
On behalf of Martin J. Sullivan

Dated: 8/23/10

/s/ Charles I. Poret

Charles I. Poret
DECHERT LLP
1095 Avenue of the Americas
New York, New York 10036
On behalf of Michael J. Castelli

Dated: August 18, 2010

/s/ Frederick P. Hafetz

Frederick P. Hafetz
Tracy E. Sivitz
HAFETZ NECHELES & ROCCO
500 Fifth Avenue, 29th Floor
New York, New York 10110
On behalf of Christian M. Milton

Dated: 8-19-10

/s/ Todd Schiltz

Brian McDonough
Todd Schiltz
DRINKER BIDDLE & REATH LLP
140 Broadway, 39th Floor
New York, New York 10005
On behalf of Vincent Cantwell

Dated: 8/18/10

/s/ Craig D. Singer/ S.D.

Craig D. Singer
WILLIAMS & CONNOLLY LLP
725 Twelfth Street, N.W.
Washington, D.C. 20005
On behalf of L. Michael Murphy

Dated: _____

/s/ Steven W. Perlstein

Michael S. Kim
Steven W. Perlstein
KOBRE & KIM LLP
800 Third Avenue
New York, New York 10022
On behalf of Thomas R. Tizzio and Karen J. Radke

Dated: 8/19/2010

/s/ Nicholas M. De Feis

Nicholas M. De Feis
Allison Menkes
DE FEIS O'CONNELL & ROSE, P.C.
500 Fifth Avenue, 26th Floor
New York, New York 10110
On behalf of Carlos Coello

Dated: August 18, 2010

/s/ Paul Hugel

Paul Hugel
CLAYMAN & ROSENBERG
305 Madison Avenue
New York, New York 10165
On behalf of Joseph Umansky

Dated: Aug. 19, 2010

/s/ Jamison A. Diehl

Jamison A. Diehl
AKIN GUMP STRAUSS HAUER & FELD LLP
One Bryant Park
New York, New York 10036
On behalf of Robert P. Jacobson

Dated: 8/20/10

/s/ Jeffrey Lichtman

Jeffrey Lichtman
750 Lexington Avenue, 15th Floor
New York, New York 10022
(212)581-1001
On behalf of John Mohs

Dated: 8-20-10

/s/ Roland G. Riopelle

Roland G. Riopelle
SERCARZ & RIOPELLE, LLP
152 W. 57th Street, Suite 24C
New York, New York 10019
On behalf of Jean-Baptist Tateossian

Dated: 8/13/2010

/s/ James G. Gamble

James G. Gamble
SIMPSON, THACHER & BARTLETT LLP
425 Lexington Avenue
New York, New York 10017
On behalf of Bernard Aidinoff, Marshall A. Cohen, Martin Feldstein, Ellen Futter, Stephen Hammerman, Richard Holbrooke, George Miles and Frank Zarb

Dated: 8/17/10

/s/ Joseph De Simone

Joseph De Simone
MAYER BROWN LLP
1675 Broadway
New York, New York 10019
On behalf of Stephen Bensinger, William Dooley, Win Neuger and Jay Wintrob

Dated: 8/19/10

/s/ Stefan W. Engelhardt

Dennis P. Orr
Stefan W. Engelhardt
MORRISON & FOERSTER, LLP
1290 Avenue of the Americas
New York, New York 10104
On behalf of Kristian Moor and Edmund Tse

Dated: August 17, 2010

Consented to by:

/s/ Daniel J. Kramer

Daniel J. Kramer

PAUL WEISS RIFKIND WHARTON & GARRISON LLP

1285 Avenue of the Americas

New York, New York 10019

On behalf of American International Group, Inc.

IN THE COURT OF CHANCERY FOR THE STATE OF DELAWARE

AMERICAN INTERNATIONAL GROUP, INC.
CONSOLIDATED DERIVATIVE LITIGATION

Civil Action No. 769-VCS

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
SHAREHOLDER DERIVATIVE ACTION, AND OF SETTLEMENT HEARING**

TO: ALL RECORD AND BENEFICIAL HOLDERS OF AMERICAN INTERNATIONAL GROUP, INC. COMMON STOCK AT THE CLOSE OF BUSINESS ON NOVEMBER 16, 2010 (THE "RECORD DATE").

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LITIGATION.

BROKERAGE FIRMS, BANKS AND OTHERS WHO HOLD AMERICAN INTERNATIONAL GROUP, INC. STOCK OF RECORD BUT ARE NOT THE BENEFICIAL OWNERS, ARE REQUESTED TO FORWARD THIS NOTICE PROMPTLY TO THE BENEFICIAL OWNER(S).

PURPOSE OF NOTICE

The purpose of this Notice is to inform you of the pendency and proposed partial settlement ("Settlement") of the above-captioned shareholder derivative action (the "Delaware Derivative Action") which was brought on behalf of American International Group, Inc. ("AIG" or the "Company") in the Court of Chancery of the State of Delaware (the "Court"). The proposed Settlement provides for the payment of \$90 million (the "Settlement Amount") to AIG, in exchange for the release and dismissal of certain claims by or on behalf of AIG against its former officers, directors, and employees. In addition to the Delaware Derivative Action, the Settlement, if approved, will resolve the claims asserted on behalf of AIG against its former officers, directors and employees in a related action pending in the New York Supreme Court,

captioned *Teachers' Retirement System of Louisiana, et al. v. Cantwell, et al.*, No. 650064/2009 (N.Y. Sup. Ct., N.Y. Cty.) (the "New York State Derivative Action"), and in three related actions pending in the United States District Court for the Southern District of New York, captioned *In re American International Group, Inc. Derivative Litigation*, No. 04-CV-8406 (the "New York Federal Consolidated Derivative Action"), *Bassman v. Greenberg*, No. 05-CV-7022, and *Kleinhandler v. Greenberg*, No. 05-CV-6417 (S.D.N.Y.). These actions and the Delaware Derivative Action are collectively referred to in this Notice as the "Derivative Cases."

A hearing on the proposed Settlement (the "Settlement Hearing") will be held before The Honorable Leo E. Strine, Jr., Vice Chancellor, on January 18, 2011 at 2:00 p.m., at the New Castle County Courthouse, 500 North King Street, Wilmington, DE 19801 to: (i) determine whether the terms and conditions of the proposed Settlement are fair, reasonable, adequate, and in the best interests of AIG and its stockholders; (ii) determine whether a judgment should be entered dismissing with prejudice the shareholder derivative claims asserted on behalf of AIG in the Delaware Derivative Action against all defendants who are current or former officers, directors or employees of AIG, including Bernard Aidinoff, Eli Broad, Michael J. Castelli ("Castelli"), Vincent Cantwell ("Cantwell"), Pei-Yuan Chia, Carlos Coello ("Coello"), Marshall A. Cohen, William Cohen, Barber Conable, Jr., Robert L. Crandall, Martin S. Feldstein, Ellen V. Futter, John Graf, Evan Greenberg, Maurice R. Greenberg ("Greenberg"), Carla Hills, Frank Hoenemeyer, Richard Holbrooke, Robert P. Jacobson ("Jacobson"), Donald P. Kanak, Edward E. Matthews ("Matthews"), Christian M. Milton ("Milton"), John Mohs ("Mohs"), Kristian P. Moor, L. Michael Murphy ("Murphy"), Karen Radke ("Radke"), John Roberts, Howard Smith ("Smith"), Martin J. Sullivan, Jean-Baptist Tateossian ("Tateossian"), Thomas R. Tizzio ("Tizzio"), Edmund S. W. Tse, Joseph H. Umansky ("Umansky"), Jay S. Wintrob, Frank G.

Wisner, and Frank Zarb (collectively, the “D&O Defendants”);¹ (iii) hear and determine any objections to the Settlement; (iv) consider a request by the plaintiffs’ counsel in the Delaware Derivative Action for an award of attorneys’ fees equal to 22.5% of the \$90 million Settlement Amount and expenses of no more than \$1 million; and (vi) consider other such matters as the Court deems appropriate.

If you were a shareholder of AIG as of November 16, 2010, you have a right to object or otherwise be heard regarding the proposed Settlement and the proposed award of attorneys’ fees and expenses in the Delaware Derivative Action, and to attend the Settlement Hearing.

The Court has reserved the right to adjourn or continue the Settlement Hearing, or any portion thereof, without further notice to you other than by announcement at the Settlement Hearing or any adjournment thereof. The Court has further reserved the right to approve the Settlement, at or after the Settlement Hearing, with such modifications as may be consented to by the parties and without further notice of any kind.

If the Court approves the Settlement of the Delaware Derivative Action, the plaintiffs in the other Derivative Cases will request that those actions be dismissed with prejudice, and may separately request awards of attorneys’ fees and expenses totaling no more than \$2.5 million.

FACTUAL BACKGROUND

THE FOLLOWING DESCRIPTION OF THE DERIVATIVE CASES
HAS BEEN PREPARED BY COUNSEL FOR THE PARTIES.
THE COURT HAS MADE NO FINDINGS WITH RESPECT TO SUCH
MATTERS, AND THIS NOTICE IS NOT AN EXPRESSION OR
STATEMENT BY THE COURT OF ANY FINDINGS OF FACT OR LAW.

¹ The claims against certain D&O Defendants have already been dismissed, either voluntarily or by Order of the Court. The proposed judgment will prevent those claims from being reasserted, and will extinguish any rights to seek appellate review from those dismissals.

Nature of the Case

The Derivative Cases were brought by shareholders of AIG, derivatively on behalf of AIG, to assert claims against a number of defendants for harm allegedly caused to AIG. The defendants include current and former officers, directors and/or employees of AIG; AIG's former audit firm, PricewaterhouseCoopers LLP ("PwC"); and several entities that are alleged to have engaged in wrongdoing that harmed AIG, including Marsh & McLennan Companies, Inc. ("Marsh"), ACE Ltd. ("ACE") and General Re Corporation ("Gen Re"). The proposed Settlement is only with the defendants who are former officers, directors and employees of AIG. The claims against PwC, Marsh, ACE, and Gen Re have been dismissed and are on appeal.

The claims that have been brought on AIG's behalf against the Company's former officers, directors and employees arise out of wrongdoing that is alleged to have occurred primarily during the 1999-2005 time period, including allegations of:

- participation in an illegal "bid-rigging" scheme implemented by Marsh;
- payment of kickbacks in the form of "contingent commissions" to Marsh;
- sham insurance transactions with Gen Re that were intended to deceive shareholders and the market into believing that AIG had a larger cushion of reserves ("loss reserves") to pay claims than it actually did;
- marketing and sale of fraudulent "income-smoothing" products that were specifically intended to enable other companies to report false financial information to the public;
- "topside" adjustments that were made to AIG's consolidated books and records in order to further overstate loss reserves in the Company's reported financial statements;
- concealment of losses suffered at two of AIG's insurance underwriting businesses through the fraudulent conversion of underwriting losses into investment losses;
- creation of non-existent underwriting revenue by booking life settlement transactions as underwriting volume;

- concealment of AIG's relationships with multiple offshore reinsurers that were affiliates of and controlled by AIG, including deception of regulators with regard to those relationships;
- concealment of known losses by setting aside reserves to spread those losses over multiple reporting periods rather than recording them in the proper period;
- improper reporting of investment income from a "covered call" program that converted unrealized capital gains into net investment income;
- booking of workers' compensation insurance premiums as regular liability insurance revenue in order to fraudulently reduce AIG's required contributions to state workers' compensation systems and to avoid paying taxes on those premiums; and
- participation in a scheme to fix prices and rig bids in the municipal derivatives market.

The plaintiffs claim that the D&O Defendants' alleged breaches of fiduciary duty and other wrongdoing caused substantial harm to the Company, causing AIG to:

- pay \$1.64 billion to resolve claims and matters under investigation with the U.S. Department of Justice ("DOJ"), the Securities and Exchange Commission ("SEC"), the Office of the New York Attorney General ("NYAG") and the New York State Department of Insurance ("NYSID");
- pay more than \$130 million to settle investigations by the SEC and DOJ into fraudulent structured financial transactions between AIG, PNC Financial Services Group and Brightpoint, Inc.;
- spend tens (if not hundreds) of millions of dollars to conduct multiple internal investigations and to defend itself from various government investigations and civil lawsuits;
- restate all its financial statements from 1999 through the third quarter of 2004, lowering net income by \$3.4 billion and reducing its consolidated net worth by \$3.5 billion; and
- suffer substantial damage to its reputation and be subjected to, and incur additional costs related to, increased regulatory scrutiny, oversight and monitoring.

Procedural History

Between October 2004 and May 2005, several shareholder derivative complaints were filed in the Delaware Court of Chancery, asserting claims on behalf of AIG against a number of the D&O Defendants and Marsh, in relation to the alleged bid-rigging and contingent commission schemes with Marsh, the sale of illegal income-smoothing products, the concealment of underwriting losses, and the concealment of AIG's relationships with offshore reinsurers. Those cases were consolidated to form the Delaware Derivative Action, and the plaintiffs' counsel agreed that the consolidated action would be prosecuted by two institutional investors, the Teachers' Retirement System of Louisiana and the City of New Orleans Retirement System (together, the "Delaware Derivative Plaintiffs") as co-lead plaintiffs.

In August 2005, the Delaware Derivative Plaintiffs filed a First Amended Consolidated Stockholders' Derivative Complaint which named a number of additional defendants, including additional D&O Defendants as well as PwC, ACE, Gen Re, and certain employees of Marsh and Gen Re. The claims against PwC were for breach of contract, negligence and malpractice, while the claims against the other newly-named defendants primarily related to the alleged fraudulent schemes involving Gen Re and Marsh.

AIG appointed a Special Litigation Committee (the "SLC") to investigate the claims that had been alleged in the Delaware Derivative Action, and the action was stayed until March 14, 2007 to permit the SLC to complete its investigation. As a result of the investigation, the SLC decided it was in AIG's best interests to (a) directly pursue the claims that had been asserted in the Delaware Derivative Action against Greenberg and Smith; (b) seek dismissal of certain D&O Defendants and claims; and (c) take no position on the remaining claims. The SLC caused AIG to move to dismiss the claims against D&O Defendants Eli Broad, Pei-Yuan Chia, Marshall A.

Cohen, Martin S. Feldstein, Ellen V. Futter, John Graf, Carla A. Hills, Frank J. Hoenemeyer, Donald P. Kanak, Kristian P. Moor, Martin Sullivan, Edmund Tse, Jay S. Wintrob, Frank G. Wisner, and Frank Zarb. The Delaware Derivative Plaintiffs did not oppose that motion.

On September 28, 2007, AIG and the Delaware Derivative Plaintiffs jointly filed a Combined Amended Complaint in the Delaware Derivative Action, wherein AIG asserted claims directly against Greenberg and Smith (the “Non-Derivative Claims”) and the Delaware Derivative Plaintiffs asserted claims derivatively on behalf of AIG against, among others, the following D&O Defendants: Cantwell, Castelli, Coello, Evan Greenberg, Jacobson, Matthews, Milton, Mohs, Murphy, Radke, Tateossian, Tizzio and Umansky (the “Derivative Claims”). The Derivative Claims include claims relating to the sham Gen Re transactions, the Marsh bid-rigging and contingent commission schemes, top-side adjustments, concealment of underwriting losses, and improper booking of life settlement transactions and workers’ compensation insurance premiums.

On April 11, 2008, AIG and the Delaware Derivative Plaintiffs jointly filed the First Amended Combined Complaint, which did not alter the Non-Derivative Claims or the previously-asserted Derivative Claims, but which asserted an additional Derivative Claim against Greenberg, Matthews and Tizzio, alleging participation in a scheme to rig bids in the municipal derivatives market.

Motions to dismiss the First Amended Combined Complaint were filed on June 13, 2008. During the course of briefing on the motions to dismiss the Derivative Claims, the Delaware Derivative Plaintiffs voluntarily dismissed defendants Cantwell, Jacobson and Umansky from the Delaware Derivative Action, without prejudice. On February 10, 2009, following extensive briefing and oral argument by counsel for the Delaware Derivative Plaintiffs, the motions to

dismiss the Derivative Claims were denied with respect to defendants Greenberg, Matthews, and Tizzio, and granted for lack of personal jurisdiction with respect to defendants Castelli, Coello, Milton and Radke. The Delaware Derivative Plaintiffs subsequently voluntarily dismissed defendants Tateossian, Mohs, and Murphy, among others, who were similarly situated with respect to personal jurisdiction. The Court also dismissed the Delaware Derivative Plaintiffs' claims against PwC, Marsh, ACE, and Gen Re based on the *in pari delicto* doctrine. The dismissal of those claims against PwC, Marsh, ACE and Gen Re is presently on appeal.

On February 5, 2010, pursuant to a Memorandum of Understanding dated November 25, 2009, AIG, Greenberg and Smith filed a stipulation providing that the direct claims asserted in the Delaware Derivative Action against Greenberg and Smith were dismissed with prejudice, and providing for the release of certain claims by Greenberg and Smith against AIG.

Further proceedings on the claims against Greenberg, Matthews and Tizzio in the Delaware Derivative Action have been stayed pending resolution of the claims against AIG in the federal securities class action litigation captioned *In re American International Group, Inc. Securities Litigation*, No. 04 Civ. 8141(JES) (S.D.N.Y.) (the "Securities Litigation"). However, during this stay — and indeed for the past several years — the Delaware Derivative Plaintiffs have had access to the extensive document discovery database from the Securities Litigation containing millions of pages of documents, as well as copies of the deposition transcripts from that litigation, which the Delaware Derivative Plaintiffs have reviewed and utilized in connection with various amendments of their complaint in the Delaware Derivative Action.

On February 11, 2009, the Delaware Derivative Plaintiffs commenced the New York State Derivative Action, asserting claims against, among others, Cantwell, Castelli, Coello, Jacobson, Milton, Mohs, Murphy, Radke, Tateossian and Umansky. The claims in the New

York State Derivative Action are substantially similar to those that had previously been asserted against these defendants in the Delaware Derivative Action. Motions to dismiss filed on behalf of Cantwell, Castelli, Coello, Jacobson, Milton, Mohs, Murphy, Radke, Tateossian and Umansky have been fully briefed in the New York State Derivative Action, but the case has been stayed while the parties pursue settlement discussions. The settlement that has been negotiated in the Delaware Derivative Action will also resolve the claims in the New York State Derivative Action against Cantwell, Castelli, Coello, Jacobson, Milton, Mohs, Murphy, Radke, Tateossian and Umansky.

The New York Federal Consolidated Derivative Action and the *Bassman* and *Kleinhandler* actions were filed in New York federal court and involve similar claims to those in the Delaware Derivative Action. The plaintiffs in those New York federal actions agreed in September 2007 to stay their cases pending resolution of the Delaware Derivative Action. The settlement that has been negotiated in the Delaware Derivative Action will also resolve the claims in the New York Federal Consolidated Derivative Action, *Bassman* and *Kleinhandler* against all defendants named in those actions.

SUMMARY OF THE PROPOSED SETTLEMENT

THE FOLLOWING IS ONLY A SUMMARY. FOR THE COMPLETE TERMS OF THE SETTLEMENT, PLEASE SEE THE AGREEMENT BETWEEN THE PARTIES, WHICH WILL BE FILED AS AN EXHIBIT TO A FORM 8-K THAT AIG WILL FILE WITH THE SECURITIES EXCHANGE COMMISSION ON OR BEFORE DECEMBER 14, 2010. THE SETTLEMENT HAS NOT YET BEEN CONSIDERED OR APPROVED BY THE COURT.

The Delaware Derivative Plaintiffs, in their capacity as plaintiffs in both the Delaware Derivative Action and the New York State Derivative Action, have asserted claims against numerous current and former AIG executives who are insured under certain directors' and officers' liability insurance policies with a total coverage limit of \$200 million (the "D&O

Policies”). Those AIG executives have claims under those D&O Policies for recovery of their own legal defense costs, as well as for the payment of any settlements or judgments that may be entered against them in the Derivative Cases and in other legal proceedings arising from their work for AIG.

In an effort to maximize the proceeds from the D&O Policies that will be devoted to the settlement of the Derivative Cases, and thus will flow back to AIG as the beneficiary of the Derivative Cases, counsel for the Delaware Derivative Plaintiffs engaged in extensive negotiations with representatives of Greenberg and Smith and with the D&O Defendants’ insurance carriers (the “D&O Carriers”), including several mediation sessions with a retired federal judge, regarding the allocation of the available insurance proceeds.

During these negotiations, the D&O Carriers asserted many coverage defenses which, they contended, would entitle them to rescind and/or severely restrict the coverage provided under the policies. After protracted arm’s-length negotiations, the D&O Carriers agreed to pay out a total of \$150 million of the total \$200 million in possible coverage. The Delaware Derivative Plaintiffs and the D&O Defendants thereafter agreed that, of this amount, \$90 million would be allocated to the settlement of the Derivative Cases and thus would be paid to AIG (after deduction of taxes, attorneys’ fees and expenses, and certain other costs), while the remaining \$60 million would be paid to Greenberg and Smith as partial reimbursement of their legal costs.

The terms of the Settlement are more fully described in the Agreement Between the Teachers’ Retirement System of Louisiana; the City of New Orleans Employees’ Retirement System; John Paul Fulco, Trustee f/b/o Lucia Forastiere Irrevocable June Forastiere Backe Children’s Trust; Paula Rosen; Thomas McAdam; Bruce G. Murphy; Jerome Kaplan, Trustee,

Trust of Edith J. Kaplan; Marilyn Clark; Gail Fink; Maxine Marcus; Pirelli Armstrong Tire Corporation Retiree Medical Benefits Trust; Dr. Frederick Hauber; R. S. Bassman; David M. Kleinhandler; C.V. Starr & Co., Inc.; Starr International Company, Inc.; Vincent Cantwell; Michael J. Castelli; Carlos Coello; Maurice R. Greenberg; Robert P. Jacobson; Edward E. Matthews; Christian M. Milton; John Mohs; L. Michael Murphy; Karen Radke; Howard I. Smith; Martin Sullivan; Jean-Baptist Tateossian; Thomas R. Tizzio; Joseph H. Umansky; Bernard Aidinoff; Steven J. Bensinger; Marshall A. Cohen; William Dooley; Martin Feldstein; Ellen Futter; Stephen Hammerman; Richard Holbrooke; George Miles; Kristian Moor; Win Neuger; Edmund Tse; Jay Wintrob; and Frank Zarb (the "Agreement"). A copy of the Agreement is available on plaintiffs' counsel's websites at www.gelaw.com and www.whafh.com and will be filed as an Exhibit to a Form 8-K filing by AIG on or before December 14, 2010.

In consideration of the \$90 million to be paid to AIG, and upon the Final Settlement Date as defined in the Agreement, the D&O Defendants and all other current or former AIG officers, directors and employees will be released from all claims and liabilities that were, or could have been, asserted derivatively on behalf of AIG and that (1) arise out of or relate in any way to the allegations made in the complaints in the Derivative Cases, or (2) arise out of or relate in any way to any of the events or transactions that were the subject of any of those complaints. The Settlement will not affect any claims that AIG stockholders have in their individual capacities, including claims for recovery as class members in the Securities Litigation.

The Agreement has been signed by the plaintiffs in all of the Derivative Cases, and, upon the Final Settlement Date, will resolve all claims, cross-claims, and third party claims against the D&O Defendants and all other current and former AIG officers, directors and employees in all of the Derivative Cases.

In accordance with the terms of the Agreement, the D&O Carriers paid \$90 million (the "Settlement Amount") into an interest-bearing escrow account maintained by counsel for the Delaware Derivative Plaintiffs for the benefit of AIG. Upon the Final Settlement Date (defined below), counsel for the Delaware Derivative Plaintiffs will cause the Settlement Amount (including any interest thereon) to be remitted to AIG, less (i) any applicable taxes and other costs of maintaining the escrow account, (ii) any attorneys' fees and expenses as are awarded to counsel for any of the plaintiffs in the Derivative Cases (and any applicable interest thereon), and (iii) the costs of providing notice of the Settlement to AIG's stockholders.

The Final Settlement Date is the date on which each of the following has occurred: (a) the Court has approved the Settlement and has entered an order or judgment dismissing the Delaware Derivative Action against the D&O Defendants with prejudice; (b) the courts in the New York Federal Consolidated Derivative Action, *Kleinhandler, Bassman*, and the New York State Derivative Action have entered orders or judgments dismissing with prejudice each of those actions against the D&O Defendants; (c) the time for taking an appeal from the dismissal of any of the Derivative Cases against the D&O Defendants has expired, or, if any appeal is taken, the date on which all appeals have been finally disposed of in a manner that does not materially alter the orders or judgments of dismissal; and (d) any awards of attorneys' fees and/or expenses in any of the Derivative Cases have been made and are in accordance with the Agreement.

DISMISSAL

It is the intent of the parties that the proposed Settlement, if approved by the Court, will result in the entry of an order or judgment dismissing the Delaware Derivative Action as against the D&O Defendants, with prejudice. Upon the entry of such an order or judgment, the plaintiffs

in the other Derivative Cases will similarly request the dismissal of those actions with prejudice against the D&O Defendants. The Settlement shall have no effect on any claims or appeals involving PwC, Marsh, Gen Re, ACE, or any other defendant other than the D&O Defendants.

**THE PARTIES' POSITIONS AS TO THE
DESIRABILITY OF THE SETTLEMENT**

The Delaware Derivative Plaintiffs and the plaintiffs in the other Derivative Cases have thoroughly considered the facts and law underlying those actions, and after weighing the costs and uncertainties of continued litigation against the likelihood of success, and taking into account the financial circumstances of AIG, have determined that it is in the best interests of AIG and its stockholders that the Derivative Cases be fully and finally settled in the manner and upon the terms and conditions set forth in the Agreement, and that those terms and conditions are fair, reasonable, and adequate and in the best interests of AIG and its shareholders.

The D&O Defendants have denied and continue to deny all allegations of wrongdoing and liability, but have nevertheless concluded that further litigation would be time-consuming and expensive, and that it is desirable that the claims against them in the Derivative Cases be fully and finally settled upon the terms and conditions as set forth in the Agreement.

ATTORNEYS' FEES AND EXPENSES

Counsel for the Delaware Derivative Plaintiffs intend to apply to the Court for an award of attorneys' fees not to exceed 22.5% of the Settlement Amount, and for reimbursement of out-of-pocket costs and expenses not to exceed \$1,000,000. In the Agreement, counsel for the Delaware Derivative Plaintiffs agreed not to request attorneys' fees or expenses greater than these amounts, and AIG and the D&O Defendants agreed not to take a position on the request.

If the Court awards the full amount of fees, costs and expenses requested in the Delaware Derivative Action, the Delaware Derivative Plaintiffs' counsel have agreed to make no request for attorneys' fees, costs or expenses in the New York State Derivative Action. If the Court does not award the full amount requested by the Delaware Derivative Plaintiffs' counsel, the Delaware Derivative Plaintiffs' counsel may request an award of attorneys' fees and/or expenses in the New York State Derivative Action equal to the difference.

Counsel for the plaintiffs in the New York Federal Consolidated Derivative Action, *Bassman*, and *Kleinhandler* agreed to ask the court in those cases for an award of attorneys' fees and expenses totaling no more than \$2,500,000.

THE SETTLEMENT HEARING

The Court has scheduled a Settlement Hearing, which will be held before The Honorable Leo E. Strine, Jr., Vice Chancellor, on January 18, 2011, at 2:00 p.m., at New Castle County Courthouse, 500 King Street, Wilmington, DE 19801 to:

- a. determine whether the Settlement should be approved by the Court as fair, reasonable, adequate, and in the best interests of AIG and its shareholders;
- b. determine whether final judgment should be entered dismissing the Delaware Derivative Action with prejudice as against the D&O Defendants, and releasing, barring, and enjoining prosecution of the claims released in the Agreement;
- c. consider the application by the Delaware Derivative Plaintiffs' counsel for an award of attorneys' fees, costs, and/or expenses;
- d. hear and determine any objections to the Settlement or to the application by Delaware Derivative Plaintiffs' counsel for an award of attorneys' fees, costs, and/or expenses; and

e. rule on such other matters as the Court may deem appropriate.

The Court has reserved the right to adjourn and reconvene the Settlement Hearing without further notice other than by announcement at the Settlement Hearing or any adjournment thereof. The Court has further reserved the right to approve the Settlement at or after the Settlement Hearing with such modifications as may be consented to by the parties to the Agreement and without further notice.

RIGHT TO APPEAR AT SETTLEMENT HEARING

Any person or entity who was a shareholder of AIG as of November 16, 2010 and who wishes to object to the Settlement, the Judgment to be entered herein, and/or the application of the Delaware Derivative Plaintiffs' counsel for attorneys' fees, costs, and/or expenses, or who otherwise wishes to be heard (an "Objector"), may appear in person or through his attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no Objector shall be heard, and no papers, briefs, pleadings or other documents submitted by any Objector shall be considered by the Court (except as the Court, in its discretion, shall otherwise direct upon application of such Objector and for good cause shown) unless, no later than January 7, 2011, the Objector files with the Register in Chancery, The Court of Chancery, 500 North King Street, Wilmington, Delaware, 19801, and serves on the counsel of record listed below such that it is received no later than January 7, 2011, the following: (i) a written notice of intention to appear; (ii) proof of ownership of AIG stock as of November 16, 2010; (iii) a detailed statement of the Objector's objections to any matter before the Court and the grounds therefor or the reasons why the Objector desires to appear and to be heard; and (iv) all documents and writings which the Objector desires the Court to consider. Such filings must be served upon the following counsel:

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Unless the Court otherwise directs, any person who fails to object in the manner prescribed above shall be deemed to have waived his, her, or its objection.

SCOPE OF THIS NOTICE AND FURTHER INFORMATION

This Notice does not purport to be a comprehensive description of the Derivative Cases, the allegations or transactions related thereto, or the terms of the Settlement. For a more detailed statement of the matters involved in the Delaware Derivative Action, you may inspect the pleadings, the orders entered by the Court and other papers filed in the action, unless sealed, at the Office of the Register in Chancery of the Court of Chancery of the State of Delaware, New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801, during regular business hours of each business day. For other inquiries regarding the Action or the Settlement, you may contact the Delaware Derivative Plaintiffs' counsel, c/o Peter Harrar, Wolf Haldenstein Adler Freeman & Herz LLP, 270 Madison Avenue, New York, New York 10016, Telephone: 800-575-0735. DO NOT WRITE TO OR TELEPHONE THE COURT.