

James.B.Lee@jpmorg
an.com
09/16/2008 02:32 PM

To: "Marshall S. Huebner" <marshall.huebner@dpw.com>
cc:
Subject: Fw: Term sheet

Privileged

James Bainbridge Lee, Jr.
Vice Chairman
JPMorgan Chase & Co
270 Park Avenue
New York, NY 10017
Warfield X Price

----- Original Message -----

From: Warfield X Price
Sent: 09/16/2008 01:25 PM CDT
To: James Lee
Cc: Andrew O'Brien; "Jim Casey" <jp.casey@jpmorgan.com>;
"Mary Ellen Egbert" <Mary.Ellen.Egbert@jpmorgan.com>
Subject: Fw: Term sheet

Draft term sheet attached, as discussed.

Warfield Price
JPMorgan
270 Park Avenue, 5th Floor
New York, NY, 10017
W: 212-270-1206
C: 917-562-7041

Sent from my BlackBerry Wireless Handheld
Warfield X Price

----- Original Message -----

From: Warfield X Price
Sent: 09/16/2008 02:19 PM EDT
To: Warfield Price
Subject: Term sheet

(See attached file: Northstar_bridge_term_sheet_v5[1].ppt)

Warfield Price

JPMorgan

270 Park Avenue, 5th Floor

New York, NY, 10017

Tel: 212-270-1206

Cell: 917-562-7041

Fax: 917-463-3267

Indicative terms and conditions

For discussion purposes only

Borrowers:	AIG, Inc.
Purpose:	General corporate purposes
Amount:	[\$75,000,000,000]
Facility:	Term loan
Syndication strategy:	15 underwriters at \$5bn commitments each
Maturity:	18 months: March 31, 2010
Mandatory prepayments:	The facility shall be pre-paid with the proceeds of asset sales and any subsequent capital raises
Drawn Pricing:	LIBOR + [650] bps, with a 3.5% Libor floor
Commitment fees:	[500] bps
Duration fees:	100bps at 6 months, 100bps at 12 months
Warrant allocation:	Penny warrants on common shares representing up to 79.9% of the Company
Security:	<ul style="list-style-type: none"> ■ Stock of all significant subsidiaries permitted under the pre-existing indentures: 100% of the capital stock and assets of domestic subsidiaries; ■ 66% of the capital stock of foreign subsidiary holding companies; ■ All assets of AIG Inc. at the time of close permitted under existing indentures ■ Security shall be shared pari passu by all facility Lenders
Guarantors:	<ul style="list-style-type: none"> ■ All material subsidiaries will provide upstream-secured-guarantees to the extent allowed under the pre-existing indentures ■ International Lease Finance Corp (“ILFC”) and American General Finance Corp (“AGF”) shall provide guarantees in the amounts permitted under existing negative pledges
Reps. & Warranties:	<ul style="list-style-type: none"> ■ Usual and customary
Selected conditions precedent:	<ul style="list-style-type: none"> ■ Cancellation of 100% of respective Lender exposure in American International Group Inc. \$3,750mm credit facilities, American General Finance Corp \$4,575mm credit facilities [and International Lease Finance Corp. \$6,500mm credit facilities] ■ Minimum AIG Inc. liquidity of [\$5bn]
Selected covenants:	<ul style="list-style-type: none"> ■ [Minimum liquidity at-all-times of [\$10bn] at AIG Inc.] ■ [No new investment spending at AGF; No new contracts at AIG Financial Products; Originations at ILFC] ■ [Prohibition on all indebtedness and liens and posting of Lender’s Collateral at any and all regulated subsidiaries, with limited carve-outs to be agreed]

J.P.Morgan

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Reps. & Warranties:	■ Usual and customary
Selected conditions precedent:	<ul style="list-style-type: none"> ■ Cancellation of 100% of respective Lender exposure in American International Group Inc. \$3,750mm credit facilities, American General Finance Corp \$4,575mm credit facilities [and International Lease Finance Corp. \$6,500mm credit facilities] ■ Minimum AIG Inc. liquidity of [\$5bn]
Selected covenants:	<ul style="list-style-type: none"> ■ [Minimum liquidity at-all-times of [\$10bn] at AIG Inc.] ■ [No new investment spending at AGF; No new contracts at AIG Financial Products; Originations at ILFC] ■ [Prohibition on all indebtedness and liens and posting of Lender’s Collateral at any and all regulated subsidiaries, with limited carve-outs to be agreed]