

DEMAND NOTE

\$14,000,000,000

New York, New York
September 16, 2008

For value received, the undersigned, AMERICAN INTERNATIONAL GROUP, INC., a Delaware corporation (the "Borrower"), hereby promises to pay to the order of the FEDERAL RESERVE BANK OF NEW YORK (the "Lender"), on demand or if no demand is made, at 10:00 a.m., New York time, on September 23, 2008, at its main office in New York, New York, or at any other place designated at any time by the holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of Fourteen Billion Dollars (\$14,000,000,000), together with interest on the principal amount hereof at the rate of 12% per annum (computed on the basis of the actual days elapsed in a 365-day year) from the date hereof until such principal amount is paid in full.

The obligations of the Borrower under this Note are secured by the Pledge Agreement, dated the date hereof, executed by the Borrower in favor of the Lender.

If the Borrower shall default in the payment of the principal of or interest on this Note or any other amount owing hereunder, the Borrower shall on demand pay to the Lender interest, to the extent permitted by law, on such defaulted amount to the date of actual payment (after as well as before judgment) at a rate per annum (computed on the basis of actual days elapsed in a 365-day year) equal to the otherwise applicable rate borne by this Note plus 2% per annum. The Borrower hereby agrees to pay all costs of collection, including reasonable attorneys' fees and legal expenses, in the event this Note is not paid when due, whether or not legal proceedings are commenced.

This Note shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the conflict of law principles thereof.

Presentment or other demand for payment, dishonor, notice of dishonor and protest are expressly waived.

AMERICAN INTERNATIONAL GROUP, INC.

By Kathleen E. Shannon
Name: KATHLEEN E. SHANNON
Title: SENIOR VICE PRESIDENT & SECRETARY

SECURITY AGREEMENT dated as of September 16, 2008 by American International Group, Inc., a Delaware corporation (together with its successors, the "**Debtor**"), and the Federal Reserve Bank of New York (together with its successors and assigns, the "**Secured Party**").

1. *Security Interest.* In order to secure the obligations referred to below, the Debtor hereby grants to the Secured Party a security interest in the following (the "**Collateral**"): all of its property of the following types, whether now owned or hereafter acquired and wherever located: accounts, chattel paper, documents, equipment, general intangibles, instruments, inventory and investment property, together with all proceeds of the foregoing (in each case within the meaning of the Uniform Commercial Code), but excluding voting stock of any Designated Subsidiary (as defined in the Credit Agreement, dated as of July 13, 2006, among American International Group, Inc., AIG Funding, Inc., AIG Capital Corp., JPMorgan Chase Bank, N.A., as administrative agent, and the syndication agents party thereto, as heretofore amended, supplemented, waived, or modified).

2. *Secured Obligations.* The obligations secured hereby are the principal of, interest on, and other amounts payable under, the demand promissory note of even date made by the Debtor in the principal amount of \$14,000,000,000 (the "**Note**") and any extension, renewal or refinancing thereof.

3. *Remedies.* During the continuance of any default on the Note, the Secured Party may exercise all remedies available under the Uniform Commercial Code or other applicable law with respect to the Collateral.

4. *Financing Statements; Further Assurances.* The Debtor hereby authorizes the Secured Party to file any financing statement or similar record in any filing office the Secured Party deems appropriate, such record to be in such form as the Secured Party deems appropriate. The Debtor will do all such further things and execute such further documents as the Secured Party may reasonably request to confirm, perfect or validate the foregoing grant of security or to enable the Secured Party to protect and enforce the same.

5. *Governing Law.* This agreement shall be governed by and construed in accordance with the laws of the State of New York.

AMERICAN INTERNATIONAL
GROUP, INC.

By: Kathleen E. Shannon
Title: SENIOR VICE PRESIDENT & SECRETARY
NAME: KATHLEEN E. SHANNON

PLEDGE AGREEMENT

This Pledge Agreement (this "Agreement"), dated September 16, 2008, made by American International Group, Inc., a Delaware corporation (the "Pledgor"), in favor of Federal Reserve Bank of New York (the "Lender").

W I T N E S S E T H :

WHEREAS, the Pledgor and the Lender are parties to the Demand Note of even date herewith (the "Demand Note"), pursuant to which the Lender has agreed to extend a demand loan to the Pledgor; and

WHEREAS, the Demand Note contemplates that the Pledgor will execute this Agreement granting a security interest in certain assets.

NOW, THEREFORE, in consideration of the premises and the agreements herein and in order to induce the Lender to make and maintain the demand loan, the Pledgor hereby agrees with the Lender as follows:

SECTION 1. Definitions. All terms used in this Agreement which are defined in Article 8 or 9 of the Uniform Commercial Code (the "Code") as in effect from time to time in the State of New York and which are not otherwise defined herein shall have the same meanings herein as set forth therein.

"Business Day" shall mean any day on which the Lender is open for business.

"Securities Act" means the Securities Act of 1933, as amended.

"Subsidiary" shall mean a corporation, partnership, joint venture, limited liability company or other business entity (excluding, for the avoidance of doubt, charitable foundations) of which at least a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by the Pledgor.

SECTION 2. Pledge and Grant of Security Interest. As collateral security for all of the Obligations (as defined in Section 3 hereof), the Pledgor hereby pledges and assigns to the Lender, and grants to the Lender a continuing first priority security interest in, the following (the "Pledged Collateral");

(a) the shares of stock or membership, partnership or other equity interests described in Schedule I hereto, representing the percentage interests specified therein (the "Pledged Shares"), the certificates representing the Pledged Shares, if any, all options and other rights, contractual or otherwise, in respect thereof and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Shares;

(b) all additional shares of stock or membership, partnership or other equity interests, from time to time acquired by the Pledgor of any Subsidiary listed on Schedule I hereto, the certificates representing such additional shares or interests, all options and other rights, contractual or otherwise, in respect thereof and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such additional shares or interests;

(c) all security entitlements of the Pledgor in any and all of the foregoing; and

(d) all proceeds of any and all of the foregoing;

in each case, howsoever its interest therein may arise or appear (whether by ownership, security interest, claim or otherwise).

SECTION 3. Security for Obligations. The security interest created hereby in the Pledged Collateral constitutes continuing collateral security for all of the following obligations, whether now existing or hereafter incurred (the "Obligations"):

(a) the prompt payment by the Pledgor, as and when due and payable, of all amounts owing by it in respect of the Demand Note and all other amounts due or to become due under the Demand Note; and

(b) the due performance and observance by the Pledgor of all of its other obligations from time to time existing in respect of this Agreement.

SECTION 4. Delivery of the Pledged Collateral.

(a) Promptly at the request of the Lender, the Pledgor shall cause the Lender to become the registered holder of the uncertificated securities which constitute the Pledged Collateral, or cause each issuer of such securities to agree that it will comply with instructions originated by the Lender with respect to such securities without further consent by the Pledgor or take such other action as the Lender may request under applicable law to reflect the interest of the Lender on the books of the applicable issuer of any uncertificated securities or other uncertificated Pledged Collateral. If any Pledged Collateral consists of certificated securities or other certificated Pledged Collateral, the Pledgor shall deliver to the Lender all certificates representing the Pledged Shares on or prior to the execution and delivery of this Agreement. All other certificates and instruments constituting Pledged Collateral from time to time shall be delivered to the Lender promptly upon the receipt thereof by or on behalf of the Pledgor. All such certificates and instruments shall be held by or on behalf of the Lender pursuant hereto and shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Lender. If any Pledged Collateral consists of security entitlements, the Pledgor shall cause the Lender to become the entitlement holder with respect thereto or cause the applicable securities intermediary to agree that it will comply with entitlement orders by the Lender without further consent by the Pledgor pursuant to an account control agreement

reasonably satisfactory to the Lender. The Pledgor further agrees to execute such other documents and to take such other actions, including sending notices and requests to Subsidiaries, as the Lender deems reasonably necessary or desirable to create and perfect the security interests intended to be created hereunder in any applicable jurisdiction, including the jurisdiction of organization of any Subsidiary, to effect the foregoing and to permit the Lender to exercise any of its rights and remedies hereunder in any applicable jurisdiction, including the jurisdiction of organization of any Subsidiary.

(b) If the Pledgor shall receive, by virtue of its being or having been an owner of any Pledged Collateral, any (i) stock certificate (including, without limitation, any certificate representing a stock dividend or distribution in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spinoff or split-off), promissory note or other instrument, (ii) option or right, whether as an addition to, substitution for, or in exchange for, any Pledged Collateral, or otherwise, (iii) dividends payable in cash or in securities or other property or (iv) dividends or other distributions in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, the Pledgor shall receive such stock certificate, promissory note, instrument, option, right, payment or distribution as additional Pledged Collateral to be held in trust for the benefit of the Lender, shall segregate it from the Pledgor's other property and shall deliver it forthwith to the Lender in the exact form received, with any necessary indorsement and/or appropriate stock powers duly executed in blank, to be held by the Lender as Pledged Collateral and as further collateral security for the Obligations.

SECTION 5. Representations, Warranties and Covenants. The Pledgor represents, warrants and covenants as follows:

(a) The Pledgor (i) is a corporation duly organized, validly existing and in good standing under the laws of Delaware, and (ii) has all requisite corporate power and authority to execute, deliver and perform this Agreement.

(b) The execution, delivery and performance by the Pledgor of this Agreement and the Demand Note (i) have been duly authorized by all necessary corporate action, (ii) do not and will not contravene its charter or by-laws, law or any contractual restriction binding on or affecting the Pledgor or any of its properties, and (iii) do not and will not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties.

(c) Each of this Agreement and the Demand Note is a legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor in accordance with its terms, subject to general principles of equity and any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws from the time to time in effect affecting generally, the enforcement of creditors' rights, and remedies.

(d) The Pledgor is and will be at all times the legal and beneficial owner of the Pledged Collateral free and clear of any lien, security interest, option or other charge or

encumbrance except for the security interest created by this Agreement. All Pledged Shares are fully paid and non-assessable.

(e) The exercise by the Lender of any of its rights and remedies hereunder will not contravene law or any contractual restriction binding on or affecting the Pledgor or any of its properties.

(f) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or other regulatory body is required for (i) the due execution, delivery and performance by the Pledgor of this Agreement or the Demand Note, (ii) the grant by the Pledgor, or the perfection under the applicable laws, of the security interest purported to be created hereby in the Pledged Collateral, or (iii) the exercise by the Lender of any of its rights and remedies hereunder, except, in the case of clause (iii), (x) as may be required in connection with any sale of any Pledged Collateral by laws affecting the offering and sale of securities generally and (y), in the case of American Life Insurance Company, such approval as may be required under applicable insurance law.

SECTION 6. Covenants as to the Pledged Collateral. So long as any of the Obligations shall remain outstanding, the Pledgor will, unless the Lender shall otherwise consent in writing:

(a) keep adequate records concerning the Pledged Collateral and permit the Lender or any agents or representatives thereof at any reasonable time and from time to time to examine and make copies of and abstracts from such records;

(b) promptly provide a list at its expense of the Pledged Collateral from time to time to the Lender upon its reasonable request;

(c) at its expense, promptly deliver to the Lender from time to time upon the Lender's reasonable request a copy of each notice or other communication received by it in respect of the Pledged Collateral;

(d) at its expense, defend the Lender's right, title and security interest in and to the Pledged Collateral against the claims of any Person;

(e) at its expense, at any time and from time to time, promptly execute and deliver all further instruments and documents, including notices and requests to Subsidiaries, and take all further action that may be reasonably necessary or desirable or that the Lender may reasonably request in order to (i) perfect and protect the security interest purported to be created hereby in any applicable jurisdictions including the jurisdiction of organization of any Subsidiary, (ii) enable the Lender to exercise and enforce its rights and remedies hereunder in respect of the Pledged Collateral in any applicable jurisdictions including the jurisdiction of organization of any Subsidiary, or (iii) otherwise effect the purposes of this Agreement, including, without limitation, delivering to the Lender irrevocable proxies in respect of the Pledged Collateral;

(f) not sell, assign (by operation of law or otherwise), exchange or otherwise dispose of any Pledged Collateral or any interest therein or proceeds thereof without the prior consent of the Lender unless the proceeds thereof are applied to the amounts owed under the Demand Note, are invested in additional shares, membership, partnership or other equity interests of Subsidiaries or are deposited in a New York bank or securities account subject to control arrangements in favor of the Lender reasonably satisfactory to the Lender;

(g) not create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any Pledged Collateral in favor of anyone other than the Lender; and

(h) not take or fail to take any action which would in any manner (i) impair the enforceability, perfection or priority of the Lender's security interest in any Pledged Collateral or the Lender's right or remedies hereunder and under applicable law, or (ii) materially impair the value of any Pledged Collateral.

SECTION 7. Voting Rights in Respect of the Pledged Collateral.

(a) So long as the Pledgor is not in breach of any of its obligations under the Demand Note (each such breach, an "Event of Default") and no event which, with the giving of notice or lapse of time or both, would constitute an Event of Default, shall have occurred and be continuing:

(i) the Pledgor may exercise any and all voting and other consensual rights pertaining to any Pledged Collateral for any purpose not inconsistent with the terms of this Agreement or the Demand Note;

(ii) any and all ordinary cash dividends in respect of the Pledged Collateral shall be paid to the Pledgor and any and all extraordinary cash dividends and dividends paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of or in exchange for, any Pledged Collateral shall be, and shall forthwith be delivered to the Lender to hold as, Pledged Collateral; and

(iii) the Lender will execute and deliver (or cause to be executed and delivered) to the Pledgor all such proxies and other instruments as the Pledgor may reasonably request for the purpose of enabling the Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) of this Section 7(a) and to receive the dividends which it is authorized to receive and retain pursuant to paragraph (ii) of this Section 7(a).

(b) Upon the occurrence and during the continuance of an Event of Default or an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default:

(i) all rights of the Pledgor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to paragraph (i) of subsection (a) of this Section 8, and to receive cash dividend payments which it would otherwise be authorized to receive and retain pursuant to paragraph (ii) of subsection (a) of this Section 8, shall cease, and all such rights shall thereupon become vested in the Lender which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive and hold as Pledged Collateral such dividends; and

(ii) without limiting the generality of the foregoing, the Lender may at its option exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Collateral as if it were the absolute owner thereof, including, without limitation, the right to exchange, in its discretion, any and all of the Pledged Collateral upon the merger, consolidation, reorganization, recapitalization or other adjustment of any Subsidiary, or upon the exercise by any Subsidiary of any right, privilege or option pertaining to any Pledged Collateral, and, in connection therewith, to deposit and deliver any and all of the Pledged Collateral with any committee, depository, transfer agent, registrar or other designated agent upon such terms and conditions as it may determine.

SECTION 8. Additional Provisions Concerning the Pledged Collateral.

(a) The Pledgor hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, relating to the Pledged Collateral.

(b) The Pledgor hereby irrevocably appoints the Lender the Pledgor's attorney-in-fact and proxy (which appointment is hereby coupled with an interest), with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time in the Lender's discretion after an Event of Default, to take any action and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, indorse and collect all instruments made payable to the Pledgor representing any dividend or other distribution in respect of any Pledged Collateral and to give full discharge for the same and to take action to perfect the security interest granted hereby in any applicable jurisdiction or to exercise any voting or other rights with respect to any Pledged Collateral, including, without limitation, notifying and making requests of the Subsidiaries on the Pledgor's behalf and in its name.

(c) If the Pledgor fails to perform any agreement or obligation contained herein, the Lender itself may with notice to the Pledgor perform, or cause performance of, such agreement or obligation, and the expenses of the Lender incurred in connection therewith shall be payable by the Pledgor pursuant to Section 10 hereof.

(d) Other than the exercise of reasonable care to assure the safe custody of the Pledged Collateral while held hereunder, the Lender shall have no duty or liability to preserve rights pertaining thereto and shall be relieved of all responsibility for the Pledged Collateral upon surrendering it or tendering surrender of it to the Pledgor. The Lender shall be deemed to have

exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which the Lender accords its own property, it being understood that the Lender shall not have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, tenders or other matters relating to any Pledged Collateral, whether or not the Lender has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Pledged Collateral.

(e) Upon an Event of Default, the Lender may in its discretion (i) without notice to the Pledgor, transfer or register in the name of the Lender or any of its nominees any or all of the Pledged Collateral, and (ii) exchange certificates or instruments constituting Pledged Collateral for certificates or instruments of smaller or larger denominations.

SECTION 9. Remedies Upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Lender may exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to it under applicable law, all of the rights and remedies of a secured party on default under the Code then in effect in the State of New York, regardless of whether the Code would otherwise be applicable; and without limiting the generality of the foregoing and without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or elsewhere, at such price or prices and on such other terms as the Lender may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) The Pledgor recognizes that the Lender may deem it impracticable to effect a public sale of all or any part of the Pledged Shares or any other securities constituting Pledged Collateral and that the Lender may, therefore, determine to make one or more private sales of any such securities to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that the Lender shall have no obligation to delay sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act.

(c) Any cash held by the Lender as Pledged Collateral and all cash proceeds received by the Lender in respect of any sale of, collection from, or other realization upon, all or any part of the Pledged Collateral may, in the discretion of the Lender, be held by the Lender as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Lender pursuant to Section 10 hereof) in whole or in part by the Lender against, all or any part of the Obligations in such order as the Lender shall elect. Any surplus of such cash or cash proceeds held by the Lender and remaining after payment in full of all of the Obligations shall be paid over to the Pledgor or to such Person as may be lawfully entitled to receive such surplus.

(d) In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which the Lender is legally entitled, the Pledgor shall be liable for the deficiency, together with interest thereon at such rate as shall be fixed by applicable law, together with the costs of collection and the reasonable fees of any attorneys employed by the Lender to collect such deficiency.

SECTION 10. Indemnity and Expenses.

(a) The Pledgor agrees to indemnify the Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting solely and directly from the Lender's gross negligence or willful misconduct.

(b) The Pledgor will upon demand pay to the Lender the amount of any and all reasonable costs and expenses, including the reasonable fees and disbursements of the Lender's counsel, and of any experts and agents which the Lender may incur in connection with (i) the custody, preservation, perfection, use or operation of, or the sale of, collection from, or other realization upon, any Pledged Collateral, (ii) the exercise or enforcement of any of the rights of the Lender hereunder or (iii) the failure by the Pledgor to perform or observe any of the provisions hereof.

SECTION 11. Notices, Etc. Any notice, request, demand or other communication under this Agreement (collectively, the "Notices") shall be given in writing, shall be effective only on receipt and shall be either personally delivered to the relevant party (to the attention of the appropriate person) to whom it is given or delivered by an established delivery service by which receipts are given or mailed by registered or certified mail, postage prepaid, or sent by facsimile, addressed to the relevant party at the address set forth below. Each party hereto may change the address for the receipt of Notices set forth below at any time by giving Notice thereof to the other party hereto. Any Notice, once given or made, shall (to the extent so specified herein) be irrevocable.

In the case of a notice to the Pledgor, sent to it at:

American International Group, Inc.
70 Pine Street

New York, NY 10270

Facsimile Number: 212-785-1584

marked for the attention of Kathleen E. Shannon or to such other address or marked for the attention of such other person as the Pledgor may, from time to time, notify in writing to the Lender.

In the case of a notice to the Lender, sent to it at:

Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

Facsimile number: 212-720-2252

marked for the attention of Thomas Baxter or to such other address or marked for the attention of such other person as the Lender may, from time to time, notify in writing to the Pledgor.

Any facsimile transmission (in respect of which receipt has been acknowledged by telephone or facsimile transmission) shall be deemed to have been received at the time of dispatch provided that dispatch occurred between 9:00 a.m. and 5:00 p.m. on a Business Day in the place of receipt of the relevant notice, failing which it shall be deemed to have been received if dispatched prior to 9:00 a.m. on a Business Day at the commencement of business on that Business Day, and if dispatched after 5:00 p.m. on a Business Day in the place of receipt of the relevant notice or at any time on a non-Business Day at the commencement of business on the next Business Day. A written notice shall be treated as received when actually received (without reference to time of receipt of any copies, provided such copies have been sent).

SECTION 12. Miscellaneous.

(a) No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by the Pledgor and the Lender, and no waiver of any provision of this Agreement, and no consent to any departure by the Pledgor therefrom, shall be effective unless it is in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder or under the Demand Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Lender provided herein and in the Demand Note are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

(c) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(d) This Agreement shall create a continuing first priority security interest in the Pledged Collateral and shall (i) remain in full force and effect until the payment in full or release of the Obligations, (ii) be binding on the Pledgor and its successors and assigns and shall inure, together with all rights and remedies of the Lender hereunder, to the benefit of the Lender and its successors, transferees and assigns. Without limiting the generality of clause (ii) of the immediately preceding sentence, the Lender may assign, pledge or otherwise transfer its rights hereunder in connection with an assignment of its rights under the Demand Note to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to the Lender herein or otherwise. None of the rights or obligations of the Pledgor hereunder may be assigned or otherwise transferred without the prior written consent of the Lender.

(e) Upon the satisfaction in full of the Obligations, (i) this Agreement and the security interest created hereby shall terminate and all rights to the Pledged Collateral shall revert to the Pledgor, and (ii) the Lender will, upon the Pledgor's request and at the Pledgor's expense, (A) return to the Pledgor such of the Pledged Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof and (B) execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination at the Pledgor's expense.

(f) This Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of law principles thereof. The Lender and the Pledgor hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction to the exclusive jurisdiction of the United States District Court located in the Borough of Manhattan in New York City. Each of the Lender and the Pledgor irrevocably waives, to the fullest extent, the defense of an inconvenient forum to the maintenance of an action or proceeding brought pursuant to this paragraph and any right of jurisdiction in such action or proceeding on account of the place of residence or domicile of either the Lender or the Pledgor.

SECTION 13. Waivers of the Pledgor. The Pledgor hereby irrevocably and unconditionally waives any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

[Signature Page Follows]

IN WITNESS WHEREOF, the Pledgor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

AMERICAN INTERNATIONAL GROUP,
INC.

By: Kathleen E. Shannon
Name: Kathleen E. Shannon
Title: Senior Vice President &
Secretary

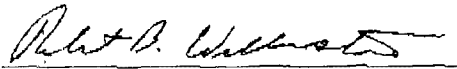
SCHEDULE I
TO
PLEDGE AGREEMENT

Pledged Shares

Issuer	Registered Owner	Number and Class of Equity Interests	Percentage of Equity Interests
AIG Retirement Services, Inc.	American International Group, Inc.	100 shares of common stock	100.0%
American International Underwriters Overseas Ltd.	American International Group, Inc.	20,000,000 shares of common stock	100.0%
American Life Insurance Company	American International Group, Inc.	300,000 shares of common stock	100.0%
Transatlantic Holdings, Inc.	American International Group, Inc.	12,108,734 shares of common stock	18.2745%

September 16, 2008

American International Group, Inc. ("AIG") hereby agrees to and accepts the summary of terms for the Senior Bridge Facility presented to AIG by the Federal Reserve Bank of New York.



Robert B. Willumstad

Summary of Terms for Senior Bridge Facility

September 16, 2008

This Summary of Terms is not intended to be legally binding on any person or entity, nor is it intended to be a comprehensive list of all relevant terms and conditions of the transactions contemplated herein. Any binding agreement with respect to the matters referred to herein shall be evidenced by appropriate documentation, executed by the applicable parties.

This Summary of Terms shall not constitute an offer to sell, nor the solicitation of an offer to buy, any security or instrument referred to herein.

Lender: The Federal Reserve Bank of New York ("NY Fed" or "Lender")

Borrower: American International Group, Inc. ("AIG" or the "Borrower")

Guarantors: Each of the Borrower's present and future Material Subsidiaries (the "Guarantors" and, together with the Borrower, the "Loan Parties") will guarantee (a "Guarantee") the Borrower's obligations under the Facility, up to the maximum amount possible without violating applicable fraudulent conveyance laws and, in the case of ILFC and AGF entities, without violating their material debt instruments. "Material Subsidiaries" means any subsidiary (other than an Excluded Subsidiary) that owns (i) total assets in excess of \$50 million or (ii) equity interests in or indebtedness of any other Material Subsidiary. "Excluded Subsidiary" means any (i) regulated insurance subsidiary, (ii) subsidiary of a regulated insurance subsidiary, (iii) foreign subsidiary or (iv) securitization SPV.

Facility: NY Fed will commit (the "Commitment") to make available to AIG, from time to time as set forth below, a revolving credit facility in the amount of \$85 billion.

Closing Date: Demand Note / Interim Bridge to be discussed in context of draft Senior Bridge Facility Agreement

Security Package: The Facility will be secured by perfected liens on all personal property of the Borrower and each Guarantor, including, but not limited to, receivables, inventory, equipment, licenses, patents, brand names, trademarks, contracts, securities, except that (i) no more than 66% of the voting stock of any foreign subsidiary will be pledged, (ii) no voting stock of any Designated Subsidiary (as

defined in the Borrower's 1989 Indenture or; the bank credit agreements) will be pledged and (iii) any pledge by ILFC or AGF entities will be subject to the limits in their material debt instruments.

Equity Participation: Equity participation equivalent to 79.9% of the common stock of AIG on a fully-diluted basis. Form to be determined.

Periodic Commitment Fee: Prior to Shareholder Approval of the increase in authorized shares, 2.5% payable in kind every 3 months after closing.

Drawn Interest Rate: Floating rate 3M Libor + 850 with a 3.5% Libor floor per annum PIK

Undrawn Fee: 850 bps per annum PIK.

Maturity Date: 24 months from closing.

Default Rate: If a Default has occurred and is continuing, all amounts due under the Facility shall bear interest at 2% above the rate otherwise applicable thereto.

Rate Basis: All per annum rates shall be calculated on the basis of a year of 360 days for actual days elapsed.

Commitment Fee: 2.00% of the total Facility, payable on the Closing Date.

Contingent Mandatory Prepayments Commitment Reductions: The following amounts will be applied to prepay the outstanding principal of the Loans and reduce the Commitment:

1. 100% of the net proceeds from the issuance or other incurrence of indebtedness by the Loan Parties;
2. 100% of the net proceeds from the issuance of equity or other securities by the Borrower; and
3. 100% of the net proceeds from asset sales by, and of the proceeds of casualty insurance, condemnation awards and similar recoveries received by, the Loan Parties;

subject in each case to customary exceptions and other limitations and exclusions to be agreed.

Initial Conditions: The availability of the Facility shall be conditioned upon satisfaction of, among other things, the following conditions precedent (the date upon which all such conditions precedent shall be satis-

fied, the "Closing Date"):

- (a) Payment of fees and expenses.
- (b) The Borrower shall have executed and delivered satisfactory definitive financing documentation with respect to the Facility (the "Credit Documentation").
- (c) The accuracy of all representations and warranties in the Credit Documentation;
- (d) There being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit.
- (e) Creation and perfection of security arrangements to the satisfaction of the Lender.
- (f) All governmental and third party approvals necessary or, in the discretion of the Lender, advisable in connection with the financing contemplated hereby and the continuing operations of the Borrower and its subsidiaries shall have been obtained and be in full force and effect.
- (g) The Lender shall have received such legal opinions, documents and other instruments as are customary for transactions of this type or as they may reasonably request.
- (h) Satisfactory corporate governance arrangements.

Certain Documentation Matters:

The Credit Documentation shall contain representations, warranties, covenants and events of default customary for financings of this type and other terms deemed appropriate by the Lender, including, without limitation:

Representations and Warranties:

Financial statements; absence of undisclosed liabilities; no material adverse change; corporate existence; compliance with law; corporate power and authority; enforceability of Credit Documentation; no conflict with law or contractual obligations; no material litigation; no default; ownership of property; liens; intellectual property; no burdensome restrictions; taxes; Federal Reserve regulations; ERISA; Investment Company Act; subsidiaries; collateral environmental matters; accuracy of disclosure.

Affirmative Covenants:

Delivery of financial statements, reports, accountants' letters, projections, officers' certificates and other information requested by

the Lender; payment of other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the Lender (and third party experts retained by it at the expense of the Borrower) to inspect property and books and records; notices of defaults, litigation and other material events; future subsidiaries; and compliance with environmental laws.

Financial Covenants:

TBD.

Negative Covenants:

Limitations on: indebtedness (including preferred stock of subsidiaries); liens; guarantee obligations; mergers, consolidations, liquidations and dissolutions; sales of assets; leases; dividends and other payments in respect of capital stock (no common or preferred dividends); capital expenditures; investments; loans and advances; optional payments and modifications of other debt instruments; transactions with affiliates; sale and leasebacks; changes in fiscal year; negative pledge clauses; and changes in lines of business.

Additional restrictions to be agreed.

Events of Default:

Nonpayment of principal when due; nonpayment of interest, fees or other amounts; material inaccuracy of representations and warranties; violation of covenants; cross-default; loss of lien perfection or priority or unenforceability of Guarantees; bankruptcy events; certain ERISA events; material judgments; and a change of control (the definition of which is to be agreed).

Expenses and Indemnification:

The Borrower shall pay (a) all reasonable out-of-pocket expenses of the Lender associated with the preparation, execution, delivery and administration of the Credit Documentation and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of counsel) and (b) all out-of-pocket expenses of the Lender (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the Credit Documentation.

The Lender (and its affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence or willful misconduct of the indemnified party).

**Governing Law and
Forum:**

State of New York.

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

To: *Tom Baster*

Fax: *(212) 420-2252*

From: **The Office of Bob Willumstad**

Date:

Re:

Pages:

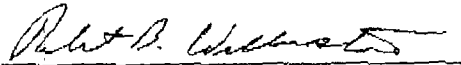
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If you have any questions please don't hesitate to call Michele Cooper at 212/770-5601 or Patricia Crowe at 212/770-5702.

September 16, 2008

American International Group, Inc. ("AIG") hereby agrees to and accepts the summary of terms for the Senior Bridge Facility presented to AIG by the Federal Reserve Bank of New York.



Robert B. Willumstad

American International Group, Inc.

70 Pine Street

New York, NY 10270

TO: *Tom Baxter*

Fax: *(212) 720-2252*

From: **The Office of Bob Willumstad**

Date:

Re:

Pages:

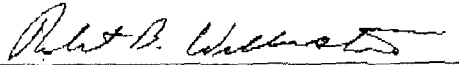
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Robert B. Willumstad