

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

**PLAINTIFFS' MEMORANDUM IN SUPPORT OF MOTION FOR ORDER
PRELIMINARILY APPROVING SETTLEMENT,
CERTIFYING SETTLEMENT CLASS, APPROVING NOTICE PLAN,
AND CONFIRMING FAIRNESS HEARING DATE**

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I. INTRODUCTION

Plaintiffs¹ respectfully move for an Order: (a) granting preliminary approval of the Settlement of this litigation; (b) granting certification of the proposed Settlement Class pursuant to Fed. R. Civ. P. 23(a); (c) approving the forms for the mailing and publication of the Notice of Settlement; (d) authorizing the mailing and publication of those notices; and (e) confirming the date and time for the Fairness Hearing for the proposed Settlement and related deadlines as set forth in the proposed Preliminary Approval Order, filed herewith as Exhibit 1.

Under the Settlement Agreement (defined below), a Settlement Fund of \$24.2 million will be established. As discussed below, the Settlement was reached after vigorous motion practice, extensive discovery and analysis of the relevant facts and applicable law, and protracted arm's-length negotiations, including two days of mediation conducted by former United States District Judge Layn R. Phillips.² The Settlement will provide significant benefits to the Settlement Class, while removing the risk and delay associated with further litigation. It is an excellent result, and Named Plaintiffs and Plaintiffs' Counsel³ are pleased to present the Settlement to the Court for its preliminary review.

II. STATEMENT OF FACTS

A. Procedural and Litigation History

Plaintiff Margaret B. Amidei filed the first complaint in this action on November 30, 2004, followed successively by eight similar complaints. This Court consolidated the nine complaints by entry of its Pretrial Order No. 1 on August 3, 2005, and appointed Plaintiffs' Counsel to a provisional committee. On September 26, 2005, Plaintiffs filed a Consolidated Complaint for Breach of Fiduciary Duty under ERISA (the "Complaint"). The Complaint alleges that the Plans' fiduciaries violated their fiduciary and co-fiduciary duties under ERISA

¹ The following individuals are named plaintiffs in this matter: Margaret B. Amidei; Oscar Saleh; Grace C. Baxter; Linda S. Adams; Christopher Townley; and Terry Phillips (collectively, "Plaintiffs" or "Named Plaintiffs").

² See Affidavit of Layn R. Phillips, attached hereto as Exhibit 3 ("Phillips Aff.") (attesting to the arm's-length nature of the settlement).

³ On August 3, 2005, the Court appointed the following law firms to a provisional committee to represent the Plaintiffs and to share in the responsibilities of prosecuting this case: Keller Rohrback L.L.P. ("Keller Rohrback"); Wolf Popper LLP ("Wolf Popper"); Squitieri & Fearon, LLP ("Squitieri & Fearon"); and Wechsler Harwood LLP (now known as Harwood Feffer LLP, "Harwood Feffer") (collectively, the "Plaintiffs' Counsel").

by: (1) failing to prudently and loyally manage the Plans and the Plans' assets; (2) failing to provide participants with complete and accurate information regarding AIG stock sufficient to advise participants of the true risks of investing their retirement savings; (3) failing to properly monitor the performance of their fiduciary appointees, and remove and replace those whose performance was inadequate; (4) breaching the duty to avoid conflicts of interest; (5) violating the co-fiduciary liability; and (6) knowingly participating in a breach of duty. Named Plaintiffs allege that Defendants knew or should have known that the Plans' investment in AIG stock was not a prudent retirement investment during the Class Period and that the Defendants acted imprudently by not preventing further investment in AIG stock and not liquidating those holdings.

The Defendants contested the Plaintiffs' allegations from the outset. On January 9, 2006 the AIG Defendants moved to dismiss the Complaint, and on January 23, 2006, the various Director Defendants also moved to dismiss the Complaint. Defendants filed lengthy and detailed motions to dismiss, in which they sought dismissal of all claims against all Defendants. Following the extensive briefing, this Court heard oral argument on the motion to dismiss on November 28, 2006. On December 12, 2006, the Court issued a decision allowing the claims to proceed. *In re AIG ERISA Litig.*, No. 04-9387 (S.D.N.Y. Dec. 13, 2006).

The Defendants filed Answers to Plaintiffs' Complaint on February 12, 2007.

In addition to the extensive motion practice described above, Plaintiffs' Counsel conducted substantial discovery to prepare this case for trial against the Defendants. Plaintiffs' Counsel engaged in detailed negotiations regarding production of relevant information in order to ensure full and fair production of information to which they were entitled under the Federal Rules. In conjunction with the securities plaintiffs, Plaintiffs' Counsel established an electronic document depository for the litigation. Plaintiffs' Counsel also implemented a system of coding and categorizing documents relevant to the ERISA claims and defenses. Based on this system, Plaintiffs' Counsel reviewed millions of pages of documents produced by the Defendants and numerous third-parties. Plaintiffs' Counsel also participated in the taking of joint securities/ERISA depositions of witnesses knowledgeable about the allegations of the

Complaint. While the review was ongoing, Plaintiffs' Counsel prepared a class certification motion that was nearing completion when the case was resolved. In short, Plaintiffs were committed to this case and pursued this case vigorously in the face of strong and dedicated opposition.

B. Settlement Negotiations and Related Proceedings

The Settlement was achieved as a result of hard-fought, arm's-length negotiations that were mediated by the Honorable Layn R. Phillips. *See* Exhibit 3, Phillips Aff. The Parties met in formal settlement conferences on two separate occasions in October 2007 and in December 2007 in New York. In advance of each mediation, the parties exchanged detailed mediation submissions in which they assessed the claims, discovery, damages, insurance coverage, and a variety of other issues. The Parties also had numerous pre- and post-mediation telephone conferences with and without Judge Phillips in which Plaintiffs' Counsel and counsel for the Defendants, and representatives of the insurance carriers participated. As a result of one such telephone conference, a partial settlement in principle was reached towards the end of February 2008 between Plaintiffs and the Defendants. Following that agreement, the Parties engaged in extensive negotiations over the specific terms of the agreement. In March 2006 the Parties signed the formal Deal Points of the Settlement and on June 18, 2008, the Class Action Settlement Agreement (the "Settlement Agreement") was fully executed.⁴

Plaintiffs filed their motion for preliminary approval of the Settlement Agreement on June 20, 2008.

III. TERMS OF THE SETTLEMENT

The principal terms of the Settlement are:

A. Settling Defendants. The Settling Defendants are American International Group, Inc. ("AIG" or the "Company") and all Individual Defendants⁵ named in this action.

⁴ A true and correct copy of the Settlement Agreement is attached hereto as Exhibit 2.

⁵ The following individuals were named as Defendants in the Consolidated Complaint filed September 26, 2005: Maurice P. Greenberg; Howard I. Smith; Martin J. Sullivan; Donald P. Kanak; Richard A. Grosiak; Axel I. Freudmann; Patricia Cameron; Robert Cole; Gustavo Covacevich; Marion Fajen; Georgia Feigel; Anthony Galiato; John Keogh; Ronald Latz; David Pinkerton; Gary Reddick; Charles Schader; Kathleen Shannon; Nicholas Tyler; Patricia R. McCann; and Timothy Hayes (misidentified in the Complaint as Thomas M. Haynes) (collectively, the "Individual Defendants").

C. AIG Plans Affected. The AIG Plans covered by the Settlement are the AIG Incentive Savings Plan, the American General Employees' Thrift and Incentive Plan, the American General Agents' and Managers' Thrift Plan, and the CommoLoCo Thrift Plan (collectively, the "Plans").

B. Settlement Class. The Settlement Agreement contemplates that the Court will certify the following settlement class under Fed. R. Civ. P. 23(b)(1):

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

Settlement Agreement ¶ 1.41.

C. Independent Fiduciary Approval. U.S. Department of Labor regulations require the appointment of an independent fiduciary in order to assess the fairness of the settlement to the plan. To that end, the Settlement Agreement provides for the appointment of an Independent Fiduciary. The Settlement is contingent on the Independent Fiduciary: (i) approving the Settlement and giving a release in its capacity as a fiduciary of the Plans and for and on behalf of the Plans; (ii) authorizing the Settlement in accordance with Prohibited Transaction Class Exemption 2003-39; or (iii) finding that the Settlement does not constitute a prohibited transaction under ERISA § 406, 29 U.S.C. § 1106. The Defendants will pay all fees and expenses of the Independent Fiduciary. Settlement Agreement ¶ 2.2.1.

D. Settlement Amount. The Plaintiffs and the Defendants agreed to settle all claims against the Defendants for the sum of \$24.2 million, which amount shall be placed into an

interest-bearing account within fifteen (15) calendar days after entry of the Preliminary Approval Order and shall constitute the “Settlement Fund”, and which, less approved attorneys’ fees, expenses and case contribution awards to the Plaintiffs’ Counsel and Named Plaintiffs, shall be for the benefit of the Plans’ participants and beneficiaries. Settlement Agreement ¶¶ 7.2, 10.1.

E. Released Claims. In exchange for the Settlement Fund, Plaintiffs have agreed to release Plaintiffs’ and the Class’s claims against the Defendants. The details of the release are set forth in ¶ 3.1 of the Settlement Agreement. Plaintiffs note that the Settlement Agreement does not release, bar, waive, or otherwise affect any claim that has been asserted by any of the plaintiffs or any of the defendants in the AIG Securities Action, the AIG Derivative Action, or ERISA § 502(a)(1)(B), 29 U.S.C. 1132(a)(1)(B) claims for vested benefits by any Plan participant or beneficiary where such claims are unrelated to any matter asserted in the Consolidated Complaint in this Action.

F. Plan of Allocation. The Net Proceeds⁶ will be allocated to accounts of Class members pursuant to a detailed Plan of Allocation that will be submitted to the Court for approval prior to the Fairness Hearing. In general terms, the Net Proceeds will be allocated to Class members on a pro rata basis such that the amount received by each Class member will depend on his or her calculated loss, relative to the losses of other Class members from the Plans’ investments in AIG stock. In this way, the Plan of Allocation will distribute the Net Proceeds equitably based upon each Class member’s estimated loss.

G. Notice. As noted above, a proposed Preliminary Approval Order is being filed together with this Memorandum. The Preliminary Approval Order provides for the following notices:

- (i) A Class Notice (Exhibit 4), to be mailed to the last known address of all Class members who can be identified with reasonable effort, and to be published on a website established by Plaintiffs’ Counsel; and

⁶ All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Settlement Agreement.

- (ii) A Summary Notice (Exhibit 5), to be published in *The Wall Street Journal*.

IV. PROPOSED SCHEDULE

The parties have consented to the following generalized schedule of events. The events set forth below are tied to the Fairness Hearing date of October 7, 2008.

Event	Time for Compliance
Defendants shall prepare and provide the notices required by CAFA, including the notices to the United States Department of Justice and to the Attorneys General of all states in which members of the Settlement Class reside, as specified by 28 U.S.C. § 1715	June 30, 2008 (Within ten (10) days of filing the Preliminary Approval Motion)
Defendants to deposit Cash Amount in to Settlement Account	_____, 2008 (Within fifteen (15) calendar days after entry of the Preliminary Approval Order)
Defendants shall provide names and last known addresses of the Class members, to the extent reasonably available, in electronic format	August 1, 2008 (At least twenty-one (21) days prior to the deadline for mailing class notice)
Deadline for Mailing of Individual Notice to members of the Settlement Class (the "Notice Date")	August 22, 2008 (45 days prior to the proposed Fairness Hearing)
Deadline for publication of Summary Notice in USA Today	August 22, 2008 (45 days prior to the Fairness Hearing)
Deadline for Plaintiffs to file with the Court and post on the settlement website their motion for award of attorneys' fees and expenses and Lead Plaintiff compensation	September 16, 2008 (21 days prior to the Fairness Hearing)
Deadline for Class members to comment upon or object to the proposed Settlement	September 23, 2008 (14 days prior to the Fairness Hearing)
Deadline for Class members to request appearance at Fairness Hearing	September 23, 2008 (14 days prior to the Fairness Hearing)
Independent Fiduciary Report	September 26, 2008 (At least ten (10) days before the Fairness Hearing)

Deadline for Plaintiffs to file Motion for Final Approval of the proposed Settlement, including approval of the Plan of Allocation.	September 30, 2008 (7 days prior to the Fairness Hearing)
Fairness Hearing	October 7, 2008

V. DISCUSSION

A. PRELIMINARY APPROVAL OF SETTLEMENT

1. The Law Favors and Encourages Settlements

Plaintiffs present this Settlement for review under Fed. R. Civ. P. 23(e), which requires court approval of class action claims, the issuance of notice in a reasonable manner to class members who would be bound by the settlement, and a finding by the court following a hearing that the settlement is fair reasonable and adequate. *Id.* For the reasons discussed below, preliminary approval under this rule is appropriate at this time.

The settlement of complex class action litigation is favored by the courts. *Wal-Mart Stores, Inc. v. VISA U.S.A. Inc.*, 396 F.3d 96, 116 (2d Cir. 2005) (“We are mindful of the strong judicial policy in favor of settlements, particularly in the class action context.”) (citation omitted); *see also In re WorldCom, Inc. ERISA Litig.*, No. 02-4816, 2004 U.S. Dist. LEXIS 20671, at *24 (S.D.N.Y. Oct. 18, 2004). The decision to grant or deny approval of a settlement lies within the broad discretion of the trial court, which should exercise that discretion in light of the general judicial policy favoring settlement. *See, e.g., Weinberger v. Kendrick*, 698 F.2d 61, 73 (2d Cir. 1982).

Recognizing that a settlement represents an exercise of judgment by the negotiating parties, the Second Circuit has cautioned that, while a court should not give “rubber stamp approval” to a proposed settlement, it must “stop short of the detailed and thorough investigation that it would undertake if it were actually trying the case.” *City of Detroit v. Grinnell Corp.*, 495 F.2d 448, 462 (2d Cir. 1974) (abrogated on other grounds by *Goldberger v. Integrated Res., Inc.*, 209 F.3d 43 (2d Cir. 2000)); *see also Newman v. Stein*, 464 F.2d 689, 692 (2d Cir. 1972) (citation omitted) (explaining that “we recognized that since the very purpose of a compromise is to avoid the trial of sharply disputed issues and to dispense with wasteful litigation, the court

must not turn the settlement hearing into a trial or a rehearsal of the trial.”). Rather, a strong initial presumption of fairness attaches to the proposed settlement if the settlement is reached by experienced counsel after arm’s-length negotiations. Courts should accord great weight to the recommendations of counsel, who are most closely acquainted with the facts of the underlying litigation. *Chatelain v. Prudential-Bache Sec., Inc.*, 805 F. Supp. 209, 212 (S.D.N.Y. 1992); *In re PaineWebber Ltd. P’ships Litig.*, 171 F.R.D. 104, 125 (S.D.N.Y. 1997) (explaining that “[s]o long as the integrity of the arm’s length negotiation process is preserved ... a strong initial presumption of fairness attaches to the proposed settlement.”). This initial presumption of fairness and adequacy applies with special force here because the Settlement was reached by experienced, fully-informed counsel after protracted and intense arm’s-length negotiations with the assistance of a skilled mediator. *See* Exhibit 3, Phillips Aff.

2. The Settlement Satisfies this Circuit’s Criteria for Class Action Settlements

The standard for reviewing the proposed settlement of a class action is whether the proposed settlement is “fair, adequate, and reasonable.” *Wal-Mart Stores, Inc.*, 396 F.3d at 116 (citation omitted); *Spann v. AOL Time Warner, Inc.*, No. 02-8238, 2005 U.S. Dist. LEXIS 10848, at *15 (S.D.N.Y. June 7, 2005). The Second Circuit has identified nine factors that courts should consider in deciding whether to approve a proposed settlement of a class action:

- (1) the complexity, expense and likely duration of the litigation;
- (2) the reaction of the class to the settlement;
- (3) the stage of the proceedings and the amount of discovery completed;
- (4) the risks of establishing liability;
- (5) the risks of establishing damages;
- (6) the risks of maintaining the class action through the trial;
- (7) the ability of the defendants to withstand a greater judgment;
- (8) the range of reasonableness of the settlement fund in light of the best possible recovery; and
- (9) the range of reasonableness of the settlement fund to a possible recovery in light of all the attendant risks of litigation.

Grinnell, 495 F.2d at 463 (citations omitted).

Although complete analysis of these factors is required prior to final approval of a settlement, at the preliminary approval stage, “the Court need only find that the proposed settlement fits ‘within the range of possible approval.’” *In re Prudential Sec. Inc. Ltd. P’ships Litig.*, 163 F.R.D. 200, 210 (S.D.N.Y. 1995) (citation omitted). That test is easily satisfied here.

(a) Factor one: the complexity; expense; and likely duration of the litigation.

“The expense and possible duration of the litigation are major factors to be considered in evaluating the reasonableness of [a] settlement.” *Milstein v. Huck*, 600 F. Supp. 254, 267 (E.D.N.Y. 1984). Many courts have noted the complexity of ERISA breach of fiduciary duty company stock claims such as those asserted here. Indeed, in the similar *In re WorldCom, Inc. ERISA Litig.*, upon consideration of a proposed settlement, Judge Cote noted that there is a “general risk inherent in litigating complex claims such as these to their conclusion.” *In re WorldCom, Inc. ERISA Litig.*, 2004 U.S. Dist. LEXIS 20671, at *25 (approving settlement). Similarly, in *In re Global Crossing Sec. & ERISA Litig.*, Judge Lynch explained with respect to similar ERISA claims:

The ERISA cases would pose additional factual and legal issues. Fiduciary status, the scope of fiduciary responsibility, the appropriate fiduciary response to the Plans’ concentration in company stock and [company] business practices would be issues for proof, and numerous legal issues concerning fiduciary liability in connection with company stock in 401(k) plans remain unresolved. These uncertainties would substantially increase the ERISA cases’ complexity, duration, and expense – and thus militate in favor of settlement approval.

225 F.R.D. 436, 456 (S.D.N.Y. 2004); *see also In re Enron Corp. Sec., Derivative and “ERISA” Litig.*, 228 F.R.D. 541, 565 (S.D. Tex. 2005) (finding that the “complexity, expense and likely duration of the litigation ... are self evident and exceptional...”); and *In re Ikon Office Solutions, Inc. Sec. Litig.*, 209 F.R.D. 94, 104-07 (E.D. Pa. 2002) (finding that the complexity and duration of litigation of similar breach of fiduciary duty claims, as well as the expense of litigation and risks of establishing liability and damages, weighed heavily in favor of settlement).

This case is no exception. Plaintiffs' claims raise numerous complex legal and factual issues under ERISA, which would require extensive expert discovery and testimony. As in the other similar cases noted above, it would be costly and time-consuming to complete the remaining fact and expert discovery with respect to the Defendants. The facts and circumstance surrounding the approximately thirty-three alleged frauds at one of the world's largest and most sophisticated insurance companies, underlying plaintiffs' breach of duty claims in the Consolidated Complaint, are highly complex and undeniably would be greatly time-consuming to litigate further to trial. This Settlement cuts short the additional months of contested discovery, and eliminates the time and expense of the substantial briefing that likely would occur going forward in this case. Thus, this Settlement conserves judicial resources and reduces the expense associated with the significant expert discovery and briefing required to prepare Plaintiffs' case against the Defendants for trial.

Moreover, even if the Class could recover a judgment at trial, the additional delay through trial, post-trial motions, and the appellate process could deny the Class any actual recovery for years, further reducing its value. *See Strougo ex rel. Brazilian Equity Fund, Inc. v. Bassini*, 258 F. Supp. 2d 254, 261 (S.D.N.Y. 2003) (“[E]ven if a shareholder or class member was willing to assume all the risks of pursuing the actions through further litigation ... the passage of time would introduce yet more risks ... and would in light of the time value of money, make future recoveries less valuable than this current recovery.”). Furthermore, a winning jury verdict does not provide absolute assurance of recovery, where post-trial motions and appeals are likely. *See, e.g., Robbins v. Koger Props., Inc.*, 116 F.3d 1441, 1449 (11th Cir. 1997) (reversing on appeal \$81 million jury verdict and dismissing case with prejudice in securities action). Together, these factors weigh in favor of preliminary approval of the Settlement.

(b) Factor two: the reaction of the Class to the Settlement.

Plaintiffs have been informed of the settlement negotiations with the Defendants throughout the negotiating process. Plaintiffs have carefully reviewed the terms of the Settlement Agreement and have given their approval. Class Notice regarding the Settlement

Agreement has not yet been mailed or otherwise distributed. In the event any objections are received after notice is issued, they will be addressed by Plaintiffs' Counsel in connection with the final approval process.

(c) Factor three: the stage of the proceedings and discovery completed.

For a class action settlement to be found reasonable and appropriate based on the status of discovery, the court does not need to decide the merits of the litigation, but it does need something above "mere conjecture." 4 Alba Conte & Herbert B. Newberg, *Newberg on Class Actions* § 11:45 (4th ed. 2002). Although there is no litmus test for determining how much work on the case is sufficient to make this determination, whatever the measure, it is satisfied here.

Plaintiffs have developed a comprehensive understanding of the key legal issues in the case through the extensive briefing and discovery to date. In terms of discovery alone, as of the time of the Settlement, Plaintiffs had reviewed millions of pages of documents, participated in a number of merits depositions, served document requests and interrogatories, and analyzed studies performed by their consultants regarding the estimated damages. By all accounts, the parties have "a clear view of the strengths and weaknesses of their cases." *Teachers' Ret. Sys. of La. v. A.C.L.N., Ltd.*, No. 01-11814, 2004 U.S. Dist. LEXIS 8608, at *10 (S.D.N.Y. May 14, 2004) (quotation omitted), and are well aware of the range of possible outcomes at trial.

(d) Factor four: the risk of establishing liability.

In assessing the Settlement, the Court should balance the benefits afforded the Class, including the immediacy and certainty of a recovery, against the continuing risks of litigation. *See Grinnell*, 495 F.2d at 463. The types of ERISA claims asserted by Plaintiffs here have been described as implicating "a rapidly developing, and somewhat esoteric, area of law." *In re Global Crossing*, 225 F.R.D. at 459 n.13 (finding that plaintiffs' significant legal and factual obstacles to proving their case, when viewed against the substantial and certain benefits of settlement, supported settlement approval).

Plaintiffs believe strongly in their claims and are optimistic regarding their chances for success. In Plaintiffs' view, the Plans' fiduciaries failed to protect the participants from the significant losses that occurred as a result of AIG's fraudulent activities set forth in the

Complaint. Nonetheless, Plaintiffs recognize that liability is not automatic. The Defendants have presented a number of defenses, each of which would have to be overcome in this case. While Plaintiffs' Counsel are confident in their ability ultimately to prove the claims asserted, the risks of the case being lost or its value diminished on a pre-trial motion or at trial, when weighed against the immediate benefits of settlement, indicate that the Settlement is in the best interest of the Class.

(e) Factor five: the risks of establishing damages.

The relevant law on ERISA damages is the Second Circuit's influential opinion in *Donovan v. Bierwirth*, 754 F.2d 1049, 1056 (2d Cir. 1985).⁷ The risk in proving damages resides primarily in the complexity of the calculation. Damages calculations in ERISA cases like this are computer- and expert- intensive. The proof requires a computer model of the plans, tracking the plans' holdings of company stock, often on a daily basis. This data is then compared with the performance of alternative investments on specified breach dates, subject to various additional factors and assumptions, such as the size of the plans' holdings compared to the market as a whole. The expert must create the model, test it, and effectively explain it. However, Plaintiffs are aware that the presentation of such complex testimony involves risks that settlement avoids. *In re Milken & Assocs. Sec. Litig.*, 150 F.R.D. 46, 54 (S.D.N.Y. 1993) (approving settlement of a small percentage of the total damages sought because the magnitude of damages often becomes a "battle of experts...with no guarantee of the outcome"); *Bonime v. Doyle*, 416 F. Supp. 1372 (S.D.N.Y. 1976), *aff'd*, 556 F.2d 554 (2d Cir. 1977), and *aff'd*, 556 F.2d 555 (2d Cir. 1977) (difficulty in determining damages a factor supporting settlement). This factor, like the others, militates in favor of a sum-certain settlement.

⁷ The Second Circuit stated "[w]here several alternative investment strategies were equally plausible, the court should presume that the funds would have been used in the most profitable of these." *Donovan v. Bierwirth*, 754 F.2d at 1056. See also *La Rue v. DeWolff Boberg & Assocs., Inc.*, 128 S. Ct. 1020, 1024 n.4 (2008) ("[Section] 502(a)(2) encompasses appropriate claims for 'lost profits.'"). Any ambiguity or uncertainty in damages is resolved against the fiduciaries. *Donovan v. Bierwirth*, 754 F.2d at 1056. In addition, unlike the securities laws, which only protect persons who purchased stock during the class period, see, e.g., *Blue Chip Stamps v. Manor Drug Stores*, 421 U.S. 723, 739 n.9 (1975), ERISA provides relief for the imprudent purchase and holding of stock by a plan during the class period. See *In re Ikon Office Solutions, Inc. Sec. Litig.*, 191 F.R.D. 457, 463-4 (E.D. Pa. 2000) ("Plaintiffs correctly stress the difference between a securities fraud claim and an ERISA claim" and discussing in particular the availability of "holder claims" under ERISA).

(f) Factor six: the risks of maintaining the class action through trial.

Plaintiffs' Counsel believe this case is appropriate for class certification as this is a representative action brought by Plaintiffs on behalf of the Plans pursuant to ERISA § 502(a)(2), 29 U.S.C. § 1132(a)(2). In addition to satisfying all of the Fed. R. Civ. P. 23 requirements, from a practical standpoint, certification provides procedural advantages that enable the efficient litigation of the claims asserted by Plaintiffs in this case. That said, class certification can be reviewed and modified at any time before trial, so there is always a risk that the action, or particular claims in the action, might not be maintained as a class through trial. Thus, the risks of failing to obtain class certification and failing to maintain the class through trial also weigh in favor of this settlement.

(g) Factor seven: the ability of defendants to withstand a greater judgment.

The ability of defendants to withstand a greater judgment at trial is a factor in determining whether a settlement is reasonable. *Bello v. Integrated Res., Inc.*, No. 88-1214, 1990 U.S. Dist. LEXIS 16240 (S.D.N.Y. Nov. 30, 1990) (risk that plaintiffs would be unable to recover even if victorious is a strong argument supporting settlement). Here, AIG faces billions of dollars of potential liability as a result of the ERISA, Securities, and other lawsuits that have arisen out of alleged AIG fraudulent business and accounting practices. Accordingly, there is some risk that AIG could not satisfy all of the pending liabilities against it, though Plaintiffs' Counsel regard this risk as somewhat remote. Accordingly, this factor was not a focus of the settlement negotiations.

(h) Factors eight and nine: the reasonableness of the settlement in light of the best possible recovery and the attendant risks of litigation.

In evaluating the proposed settlement, a court is not required to engage in a trial on the merits to determine the prospects of success. *In re Milken & Assocs. Sec. Litig.*, 150 F.R.D. at 54 (S.D.N.Y. 1993). The adequacy of the amount offered in settlement must be judged "not in comparison with the possible recovery in the best of all possible worlds, but rather in light of the strengths and weaknesses of plaintiffs' case." *In re Union Carbide Corp. Consumer Prods. Bus. Sec. Litig.*, 718 F. Supp. 1099, 1103 (S.D.N.Y. 1989) (citing *In re Agent Orange Prod. Liab.*

Litig., 597 F. Supp. 740, 762 (E.D.N.Y. 1984)). The Court need only determine whether the Settlement falls within a “range of reasonableness.” *PaineWebber*, 171 F.R.D. at 130 (citations omitted). Additionally, “[t]he fact that a proposed settlement may only amount to a fraction of the potential recovery does not, in and of itself, mean that the proposed settlement is grossly inadequate and should be disapproved.” *Grinnell*, 495 F.2d at 455. The *Grinnell* court further noted: “[T]here is no reason, at least in theory, why a satisfactory settlement could not amount to a hundredth or even a thousandth part of a single percent of the potential recovery.” *Id.* at 455 n.2. See also *PaineWebber*, 171 F.R.D. at 130 (fairness determination turns not on a “mathematical equation yielding a particularized sum ... but rather ... [on] the strengths and weaknesses of the plaintiffs’ case”) (quotation marks omitted).

In this case and many other similar cases, the “breach” date – that is the date at which the Defendants knew or should have known AIG stock was an imprudent investment for participants’ retirement assets – would have a significant impact on the total amount of Plaintiffs’ potential recovery in this action. Plaintiffs allege that AIG stock was an imprudent investment for the Plans from the beginning of the Class Period, and, thus, assert that losses to the Plans should be calculated from:

- (a) September 30, 2000 through May 31, 2005 for participants of the AIG Incentive Savings Plan;
- (b) August 29, 2001 through January 1, 2003 for participants of the American General Employees’ Thrift and Incentive Plan;
- (c) August 29, 2001 through May 31, 2005 for participants in the American General Agents’ and Managers’ Thrift Plan; and
- (d) August 29, 2001 through May 31, 2005 for participants in the CommoLoCo Thrift Plan.⁸

⁸ The Class Period for the American General Employees’ Thrift and Incentive Plan, the American General Agents’ and Managers’ Thrift Plan, and the CommoLoCo Thrift Plan begins on August 29, 2001, because on that day, AIG acquired American General Corporation (“AGC”) and the AGC common stock held in those three Plans was automatically exchanged for AIG common stock. The Class Period for the American General Employees’ Thrift and Incentive Plan ends on January 1, 2003, because on that day, that Plan merged into the AIG Incentive Savings Plan.

If Plaintiffs were to prevail on these dates and the Court were to accept Plaintiffs' damages model, which admittedly would involve a total victory on all issues by Plaintiffs, the principal loss would be substantially in excess of the Settlement amount. If alternatively and more realistically, Plaintiffs were able to establish a breach date later in the Class Period, the potential recovery would decrease significantly. For purpose of illustration and to assist the Court with its evaluation of the Settlement, Plaintiffs provide three possible alternative breach dates and losses that correspond with these dates as follows:⁹

- If Plaintiffs were to establish a breach date of September 21, 2004 – the date that AIG issued a press release announcing that the U.S. Securities and Exchange Commission (the “SEC”) was considering bringing a civil action against AIG in connection with the PNC Financial Services Group, Inc. transactions, which was followed by the U.S. Department of Justice opening a related criminal investigation – the loss in value of the AIG stock held by the Plans (the “principal loss”) would be approximately \$95.7 million, and the total loss had the assets in the AIG stock fund been invested in a S&P 500 Index fund would be approximately \$120.1 million.¹⁰
- If Plaintiffs were able to establish a breach date of September 11, 2003 – the date the SEC initiated and settled both civil and administrative proceedings against AIG for its finite reinsurance transactions with Brightpoint – the principal loss would be approximately \$22 million, and the total loss had the assets in the AIG stock fund been invested in a S&P 500 Index fund would be approximately \$85.2 million.
- If Plaintiffs were able to establish a breach date of October 14, 2004 – the date the New York Attorney General filed a complaint against Marsh & McLennan Companies, Inc. alleging AIG's involvement in a bid rigging and customer

⁹ The losses are approximated because Plaintiffs do not have transactional data for three of the Plans prior to January 1, 2003.

¹⁰ Courts often measure losses by comparing the performance of the imprudent investment with the amount the plan “would have earned during this period as measured and adjusted by the movement of an appropriate index reflecting the stock market.” *Dasler v. E.F. Hutton & Co., Inc.*, 694 F. Supp. 624, 634 (D. Minn. 1988).

steering scheme – the principal loss would be approximately \$24.8 million, and the actual loss had the assets in the AIG stock fund been invested in a S&P 500 Index fund would be approximately \$61.0 million.

Hence, taking the above analysis into account, based on the latter three breach dates discussed above, the range that Plaintiffs could reasonably expect to recover in this case, not discounting for risk, is between approximately \$61 million and \$120 million. Under this analysis, the Settlement Amount represents between 20% and 40% of the total potential losses. To be clear, under the latter three breach dates suggested above, this is Plaintiffs' *maximum* potential recovery not discounting for risk in any way. The actual recovery may be significantly less, even if Plaintiffs establish liability in this case.

In this regard, Plaintiffs anticipate that Defendants would advance several arguments to reduce or eliminate damages. For example, Defendants can be expected to dispute that they knew or should have known that AIG stock became an imprudent investment during the Class Period, or if it did become imprudent, it was later in the Class Period. Additionally, the recovery could be further reduced or eliminated based on various circumstances and determinations, such as: (1) the possibility that the price of AIG stock would increase, causing the Plans' losses to decrease accordingly; (2) the use by the Court of a different measure of calculating losses; such as using a different benchmark alternative investment that did not perform as well as the S&P 500 during the Class Period and (3) a finding that holder losses are not available, or are substantially reduced in light of the impact that disclosure by AIG of its alleged fraud and accounting abuses would have had on the AIG stock price.¹¹ Plaintiffs, of course, dispute these

¹¹ Plaintiffs note that the ERISA defense bar often disputes the availability of relief for "holder" losses because, in their view, the securities laws would have prevented them from divesting the plans of the stock without first publicly disclosing the adverse information, and had such disclosure been made, the stock would have dropped, and the plans would have suffered the same loss that occurred when the allegedly improper practices came to light. *See, e.g., In re McKesson HBOC, Inc. ERISA Litig.*, No. 00-20030, 2002 US Dist. LEXIS 19473, at *20-24 (N.D. Cal. Sept. 30, 2002). Plaintiffs strongly disagree with this analysis as it presumes that ERISA (and the securities laws) countenance the Plans' fiduciaries taking no action to protect the Plans in the face of imprudent conduct by the fiduciaries themselves. Nonetheless, Plaintiffs recognize that holder damages are sharply attacked by the defense bar, and the law is unsettled in this area.

damage theories, and would resist any effort to decrease their recovery in this case, but, nonetheless, recognize that their ability to recover in this case is far from certain.

Considering the present and time value of money, the probability of lengthy litigation in the absence of a settlement, the risk that the Class would not succeed in proving liability against the Individual Defendants, the range of possible recovery at trial, and the potential that significant amounts of the applicable fiduciary liability insurance would be spent in further litigation and would not be available to pay any judgment obtained at trial, the Settlement is well within the range of reasonableness. As Judge Harmon aptly put it when approving one of the settlements in the *Enron ERISA Litigation*: “The settlement at this point would save great expense and would give the Plaintiffs hard cash, a bird in the hand.” 228 F.R.D. at 566. *See also In re Global Crossing*, 225 F.R.D. at 461 (“The prompt, guaranteed payment of the settlement money increases the settlement’s value in comparison to some speculative payment of a hypothetically larger amount years down the road.”) (citation omitted). Accordingly, the Settlement is reasonable in light of the particular circumstances of the case.

VI. CLASS CERTIFICATION

Pursuant to ¶ 2.1 of the Settlement Agreement, the parties have stipulated to a Settlement Class for the purposes of the settlement. Accordingly, Plaintiffs set forth the legal and factual basis for certification of the Settlement Class pursuant to Fed. R. Civ. P. 23(a).¹²

1. Plaintiffs Satisfy All Prerequisites for Class Certification

Rule 23(a) provides that a class should be certified if:

¹² Under ERISA § 502(a)(2), 29 U.S.C. § 1132(a)(2), any participant in or beneficiary of a plan may sue for breach of fiduciary duties, which action is, by statutory definition, brought “in a representative capacity on behalf of the plan as a whole.” *Mass. Mut. Life Ins. Co. v. Russell*, 473 U.S. 134, 142 n.9 (1985); *see also Kayes v. Pac. Lumber Co.*, 51 F.3d 1449, 1462 (9th Cir. 1995). Accordingly, a judicial consensus has emerged that breach of fiduciary duty actions involving pension plans (including 401(k) plans) are uniquely suited to class treatment. *See, e.g., In re Polaroid ERISA Litig.*, 240 F.R.D. 65, 78 (S.D.N.Y. 2006) (“Indeed, ‘ERISA litigation of this nature presents a paradigmatic example of a [Rule 23](b)(1) class.’”) (citations omitted); *In re Global Crossing Sec. & ERISA Litig.*, 225 F.R.D. 436, 453 (S.D.N.Y. 2004) (same); *Banyai v. Mazur*, 205 F.R.D. 160, 163, 165 (S.D.N.Y. 2002) (“In general, the question of defendants’ liability for ERISA violations is common to all class members because a breach of a fiduciary duty affects all participants and beneficiaries.... Class actions are generally well-suited to litigation brought pursuant to ERISA.”); *Smith v. Aon Corp.*, 238 F.R.D. 609, 613 (N.D. Ill. 2006) (“Class action suits are the preferred method of dealing with these cases because plan participants or beneficiaries may only bring action to remedy a breach of fiduciary duty in a representative capacity, on behalf of the plan itself.”).

- (1) the class members are so numerous that joinder of all members is impracticable;
- (2) the action addresses questions of law or fact common to the class;
- (3) the claims or defenses of the class representatives are typical of the claims or defenses of the class; and
- (4) the class representative parties will fairly and adequately protect the interests of the class.

(a) Numerosity

To demonstrate numerosity, “plaintiffs must show that joinder is ‘impracticable,’ not that it is ‘impossible.’” *In re WorldCom, Inc. Sec. Litig.*, 219 F.R.D. 267, 279 (S.D.N.Y. 2003) (citing *Robidoux v. Celani*, 987 F.2d 931, 935 (2d Cir. 1993)); *In re Global Crossing*, 225 F.R.D. at 451 (finding the numerosity standard had been met in an analogous ERISA breach of fiduciary duty case). Indeed, “[n]umerosity is presumed at a level of 40 members.” *Consol. Rail Corp. v. Town of Hyde Park*, 47 F.3d 473, 483 (2d Cir. 1995); *See* 1 Conte & Newberg, *supra*, at § 3:5. Here, Plaintiffs have alleged that “there are, at a minimum, thousands of members of the Class who participated in, or were beneficiaries of, the Plans during the Class Period.” ¶ 334. Further, the Consolidated Complaint attaches exhibits, produced by Defendants, which show that the AIG Incentive Savings Plan had 38,130 participants with account balances at the end of the 2003 Plan year (Consolidated Complaint Ex. M at AIG ERISA 00000346); the American General Employees’ Thrift Plan had 14,195 participants with account balances at the end of the 2002 Plan year (Ex. P at AIG ERISA 00001728); the CommoLoco Thrift Plan had 158 participants with account balances at the end of the 2003 Plan year (Consolidated Complaint Ex. O at AIG 00001872); and the American General Agents’ and Managers’ Thrift Plan had over 2,500 participants with account balances at the end of the 2002 Plan year. Consequently, numerosity exists in this case. *See Koch v. Dwyer*, No. 98-5519, 2001 U.S. Dist. LEXIS 4085, at *7-8 (S.D.N.Y. Mar. 22, 2001) (3,400 participants in two plans held to establish numerosity). It would be impracticable to join each of these Class members in this action.

(b) Commonality

The threshold commonality inquiry is whether there are any questions of fact or law that are common to the class. Fed. R. Civ. P. 23(a)(2). A common nucleus of operative facts is usually sufficient to satisfy the commonality requirement. *See Marisol A. ex rel. Forbes v. Giuliani*, 126 F.3d 372, 376 (2d Cir. 1997) (“The commonality requirement is met if plaintiffs’ grievances share a common question of law or of fact.”); *In re Livent Inc., Noteholders Sec. Litig.*, 210 F.R.D. 512, 515 (S.D.N.Y. 2002).

By their very nature, ERISA actions often present common questions of law and fact, and are therefore frequently certified as class actions. “In general, the question of defendants’ liability for ERISA violations is common to all class members because a breach of a fiduciary duty affects all participants and beneficiaries.” *Banyai v. Mazur*, 205 F.R.D. 160, 163 (S.D.N.Y. 2002) (citing *Gruby v. Brady*, 838 F. Supp. 820, 828 (S.D.N.Y. 1993)).

In this case there are several common questions with respect to each member of the proposed class, including:

- whether the Individual Defendants were fiduciaries of the Plans;
- whether the Individual Defendants breached their fiduciary duties;
- whether the Plans and the participants and beneficiaries were injured by such breaches; and
- whether the Class is entitled to damages and, if so, the proper measure of damages.

Because these questions concern the common issues of fiduciary responsibilities owed to the Plans’ participants, “[a]ll of these questions are sufficient to satisfy plaintiffs’ burden under Rule 23(a)(2).” *Moore v. Simpson*, No. 96-2971, 1997 U.S. Dist. LEXIS 13791, at *9-10 (N.D. Ill. Sept. 5, 1997); *see also In re WorldCom, Inc. ERISA Litig.*, No. 02-4816, 2004 U.S. Dist. LEXIS 19786, at *7-8 (S.D.N.Y. Oct. 4, 2004).¹³

¹³ *See also Global Crossing*, 225 F.R.D. at 452 (finding allegations that defendants breached their duty in connection with administration of ERISA plans in company stock drop case “certainly involve common questions of fact or law”); *In re AOL Time Warner ERISA Litig.*, No. 02-8853, 2006 U.S. Dist. LEXIS 70474, at *8 (S.D.N.Y. Sept. 27, 2006) (same); *Polaroid*, 240 F.R.D. at 74-75 (finding commonality in ERISA case with similar allegations); *Lively v. Dynegy, Inc.*, No. 05-63, 2007 U.S. Dist. LEXIS 14794, at *24-29 (N.D. Ill. Mar. 2, 2007) (finding common questions similar to those here); *Koch v. Dwyer*, 2001 U.S. Dist. LEXIS 4085, at *8 (finding common issues of fact and law presented in breach of fiduciary duty case because, among other reasons, “[t]he relationships among the parties ... are governed by written plan documents under the standards set forth in ERISA”); *Becher v. Long Island Lighting Co.*, 164 F.R.D. 144, 151 (E.D.N.Y. 1996) (concealment of information was the core of plaintiffs’ ERISA claim, making certification appropriate).

(c) Typicality

“Typicality exists where the ‘claims of the representative plaintiffs arise from the same course of conduct that gives rise to claims of the other class members, where the claims are based on the same legal theory, and where the class members have allegedly been injured by the same course of conduct as that which allegedly injured the proposed representatives.’” *In re Global Crossing*, 225 F.R.D. at 452 (quoting *In re Oxford Health Plans, Inc., Sec. Litig.*, 191 F.R.D. 369, 375 (S.D.N.Y. 2000)).

The typicality requirement does not require that all of the putative Class members’ claims are identical. *EEOC v. Local 638*, No. 71-2877, 2004 U.S. Dist. LEXIS 21682, at *18 (S.D.N.Y. Oct. 27, 2004). Rather, “the focus of the typicality inquiry concerns whether ‘each class member’s claim arises from the same course of events, and [whether] each class member makes similar legal arguments to prove the defendant’s liability.’” *Cromer Fin. Ltd. v. Berger*, 205 F.R.D. 113, 122 (S.D.N.Y. 2001) (quotation omitted).

The typicality requirement is often met in putative class actions brought for breaches of fiduciary duty under ERISA. *See e.g., Koch v. Dwyer*, No. 98-5519, 2001 U.S. Dist. LEXIS 4085, at *9 (S.D.N.Y. Mar. 22, 2001) (finding typicality of claims in ERISA action alleging breach of fiduciary duties); *In re Global Crossing*, 225 F.R.D. at 452 (finding typicality of claims: “the class representatives’ and the class members’ claims arise from the same alleged course of conduct and are based on the same legal theories”).

The Plaintiffs’ claims are typical of those of the proposed Class. Each Plaintiff was an employee of AIG or one of its subsidiaries, a participant of at least one of the Plans during the Class Period, and had part of their individual Plan investment portfolio invested in AIG stock. All of the Plaintiffs sustained the same type of injury described in the Complaint due to Defendants’ alleged breaches of their fiduciary duties and ERISA violations during the Class Period. Further, Plaintiffs are entitled under ERISA to bring a claim for plan-wide relief. *See* 29 U.S.C. § 1109(a) (liability for breach of fiduciary duty goes to the plan). As such, Plaintiffs and the absent Class members seek the same relief for the same wrongs by the same Defendants.

Accordingly, Plaintiffs' claims are typical of the claims of the Class within the meaning of Rule 23(a)(3).¹⁴

(d) Adequacy

Rule 23's adequacy determination requires the court to consider whether the Plaintiffs' interests may be antagonistic to the other members of the Class and whether Co-Lead Counsel are "qualified, experienced and able to conduct the litigation." *Cromer*, 205 F.R.D. at 123 (quoting *Baffa v. Donaldson, Lufkin & Jenrette Sec. Corp.*, 222 F.3d 52, 60 (2d Cir. 2000)).

The named Plaintiffs have no interests antagonistic to those of the absent Class members. Where plaintiffs and class members all share the common goal of maximizing recovery, there is no conflict of interest between the class representatives and the other class members. *In re Drexel Burnham Lambert Group, Inc.*, 960 F.2d 285, 291 (2d Cir. 1992).¹⁵

Plaintiffs have also retained attorneys that are highly qualified, experienced and able to conduct this litigation. The law firms of Keller Rohrback, Wolf Popper, Squitieri & Fearon, and Harwood Feffer have extensive experience litigating complex ERISA breach of fiduciary duty class actions both within this district, and throughout the nation. They each serve as lead or co-lead counsel in numerous similar cases, many of which have been successfully resolved for the benefit of plan participants and retirees. Plaintiffs' Counsel stand "ready, willing and able to devote the resources necessary to litigate this case vigorously," *In re NASDAQ Market-Makers*

¹⁴ See, e.g., *Babcock v. Computer Assocs. Int'l, Inc.*, 212 F.R.D. 126, 130-31 (E.D.N.Y. 2003) (common conduct of ERISA fiduciaries toward all plan participants satisfied typicality requirement); *WorldCom*, 2004 U.S. Dist. LEXIS 19786, at *10-11 (rejecting defendant's argument regarding commonality, adequacy and typicality on same grounds, i.e., that the "claims belonging to the class are united by, among other things, the class members' purchase of WorldCom stock and WorldCom's own relationship to each of the plans"); see also *Dynegy*, 2007 U.S. Dist. LEXIS 14794, at *32-34; *Aon*, 238 F.R.D. at 617 ("no question" that proposed class representatives' claims were typical where they were "pursuing the same legal theory against Defendants: that Defendants breached their fiduciary duties with regard to investments of Plan assets in Aon stock during the Class Period, thereby causing the Plan as a whole to lose value").

¹⁵ See, e.g., *Polaroid*, 240 F.R.D. at 77 (claims in ERISA action "do not hinge on whether a particular individual chose to invest in a 401(k) plan – rather, they focus on the nature of Defendants' conduct"); *Worldcom*, 2004 U.S. Dist. LEXIS 19786, at *10-11 (rejecting defendant's adequacy argument because the "claims belonging to the class are united by, among other things, the class members' purchase of WorldCom stock and WorldCom's own relationship to each of the plans"); see also *Dynegy*, 2007 U.S. Dist. LEXIS 14794, at *39-47 (thoroughly rejecting argument challenging adequacy based on potential conflicts resulting from different dates plaintiffs may have bought or sold company shares in the plan, since action focused on defendants' breach and restoration of losses to the plan).

Antitrust Litig., 169 F.R.D. 493, 515 (S.D.N.Y. 1996), and indeed have already invested substantial resources in the prosecution of this litigation.

2. The Class may be properly certified under Rule 23(b)(1)

In addition to satisfying all of the criteria of Rule 23(a), a party seeking class certification must also satisfy one of the requirements of Rule 23(b), a class may be certified if:

- (1) prosecuting separate actions by or against individual class members would create a risk of:
 - (A) inconsistent or varying adjudications with respect to individual class members that would establish incompatible standards of conduct for the party opposing the class, or
 - (B) adjudications with respect to individual class members that, as a practical matter would be dispositive of the interests of the other members not parties to the individual adjudications or would substantially impair or impede their ability to protect their interests....

Fed. R. Civ. P. 23(b)(1).

Rule 23(b)(1)(A) “considers possible prejudice to the defendants, while 23(b)(1)(B) looks to possible prejudice to the putative class members.” *Global Crossing, Ltd., ERISA Litig.*, 225 F.R.D. at 453, quoting *In re Ikon Office Solutions, Inc. Sec. Litig.*, 191 F.R.D. 457, 466 (E.D. Pa. 2000). Certifications under both sections of Rule 23(b)(1) are common in ERISA breach of fiduciary duty cases because of the defendants’ alleged “unitary treatment” of the individual members of the proposed Class. *Id.* (citation omitted). See also Fed. R. Civ. P. 23(b)(1)(B) advisory committee’s notes (1966 Amendment) (stating that certification under 23(b)(1) is appropriate in cases charging breach of trust by a fiduciary to a large class of beneficiaries).

By its nature, this action is a representative one. “Because of ERISA’s distinctive representative capacity and remedial provisions, ERISA litigation of this nature presents a paradigmatic example of a (b)(1) class.” *In re Global Crossing*, 225 F.R.D. at 453 (citation omitted).

Given the unique “group-based” relief ERISA offers for violations of fiduciary duties owed to participants in covered benefit plans, this action is a textbook case for class treatment under Rule 23(b)(1):

[G]iven the nature of an ERISA claim which authorizes plan-wide relief, there is a risk that failure to certify the class would leave future plaintiffs without relief. There is also risk of inconsistent dispositions that would prejudice the defendants: contradictory rulings as to whether Ikon had itself acted as a fiduciary, whether the individual defendants had, in this context, acted as fiduciaries, or whether the alleged misrepresentations were material would create difficulties in implementing such decisions.

Ikon, 191 F.R.D. at 466 (citations omitted). Where, as here, “the allegations in the Complaint implicate misconduct in the management in the Plan[s] as a whole, disparate lawsuits by individual participants would raise the specter of ‘varying adjudications.’” *Polaroid*, 240 F.R.D. at 78.

Thus, although certification of the proposed Class is also appropriate under the other subdivisions of Rule 23(b), as the cases cited above clearly demonstrate, the Court should certify such a Class under Rule 23(b)(1). *See, e.g., Reynolds v. Nat’l Football League*, 584 F.2d 280, 284 (8th Cir. 1978) (“When the choice exists between [23](b)(1) and [23](b)(3) certification, generally it is proper to proceed under (b)(1) exclusively in order to avoid inconsistent adjudication or a compromise of class interests”).

3. Plaintiffs’ Counsel easily meet the requirements of Rule 23(g)

Finally, Fed. R. Civ. P. 23(g) requires the Court to examine the capabilities and resources of counsel to determine whether they will provide adequate representation to the class. Plaintiffs’ Counsel easily meet the dictates of Rule 23(g).

Plaintiffs’ Counsel have done substantial work to identify, investigate, and prosecute the claims in this action. They have prepared a detailed and thorough complaint, extensively briefed the many complex and novel issues in this case, prevailing on all defendants’ motions to dismiss the Consolidated Complaint, conducted written and deposition discovery, consulted with experts, and engaged in hard-fought and ultimately successful negotiations with the Defendants. Moreover, Plaintiffs’ Counsel have substantial experience, individually and collectively, in

handling class actions, other complex litigation, and claims of the type asserted in this action. Plaintiffs' Counsel's extensive efforts in prosecuting this case together with their background and experience in ERISA class action litigation satisfy the requirements of Rule 23(g).

B. THE PROPOSED FORMS OF NOTICE SATISFY RULE 23 AND DUE PROCESS

To satisfy due process, notice to class members must be "reasonably calculated under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections." *In re Prudential Sec. Inc. Ltd. P'ships Litig.*, 164 F.R.D. 362, 368 (S.D.N.Y. 1996); *see also Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950). As several courts have noted, the nature of an ERISA class action brought on behalf of a plan pursuant to ERISA § 502(a)(2) precludes an "opt out" option. *See Gruby*, 838 F. Supp. at 827 ("[A]s Fund participants may bring an action only in a representative capacity on behalf of the entire Fund, the proposed class must include all Fund participants..."). This means that Class members are eligible to receive a benefit from the Settlement regardless of their actual notice.

Nonetheless, courts typically require that absent class members in ERISA breach of fiduciary duty actions receive notice, as well as the opportunity to object to the proposed settlement. The form of notice must be sufficient to accomplish this purpose. "It is widely recognized that for the due process standard to be met it is not necessary that every class member receive actual notice, so long as class counsel acted reasonably in selecting means likely to inform persons affected." *Prudential*, 164 F.R.D. at 368; *see also Weigner v. City of New York*, 852 F.2d 646, 649 (2d Cir. 1988). "For non-opt out cases, such as the ERISA Actions, Rule 23 requires only such unspecified 'appropriate notice' as 'the court may direct.'" *In re Global Crossing, Ltd. ERISA Litig.*, 225 F.R.D. at 448 (quoting Fed. R. Civ. P. 23(c)(2)(A)). Here, the form and method of notice of proposed settlement agreed to by the Plaintiffs and Defendants satisfies all due process considerations and meets the requirements of Fed. R. Civ. P. 23(e)(1).

The Plaintiffs' and Defendants' "Notice Plan" consists of: (1) the Class Notice to be mailed to the last known address of each Settlement Class member who can be identified with reasonable effort (Exhibit 4); (2) the Summary Notice to be published in *The Wall Street Journal*

(Exhibit 5); and (3) the creation of a dedicated website administered by Plaintiffs' Counsel to provide current information to Settlement Class members. The Notice Plan is intended to fully inform Class members of the lawsuit, the proposed Settlement, and the information they need to make informed decisions about their rights. Because the Settlement Class does not allow for opting out, all Class members will be eligible to receive a distribution from the Settlement regardless of their actual Notice.

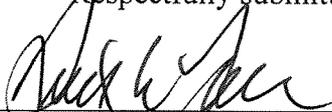
The Class Notice to be mailed provides detailed information about the Settlement, including: (1) a comprehensive summary of its terms; (2) Plaintiffs' Counsel's intent to request attorneys' fees, reimbursement of expenses, and case contribution awards for the Named Plaintiffs; and (3) detailed information about the Released Claims. In addition, the Notice provides information about the Fairness Hearing date, Settlement Class members' rights to object (and deadlines and procedures for objecting), and the procedure to receive additional information. The Class Notice to be mailed also provides potential class members with contact information for Plaintiffs' Counsel, and provides: (1) a toll-free number where potential Class members may ask questions or learn about the Settlement; (2) an email address for inquiries; and (3) a website address to receive further information. The Summary Notice summarizes the above information for purposes of publication.

The proposed Notice forms here – direct mail, newspaper publication, and an internet website – are similar to those successfully used in numerous other class settlements. Such forms of notice “fairly, accurately, and neutrally describe the claims and parties in the litigation[,] ... the terms of the proposed settlement and the identity of persons entitled to participate in it.” *Foe v. Cuomo*, 700 F. Supp. 107, 113 (E.D.N.Y. 1988), *aff'd*, 892 F.2d 196 (2d Cir. 1989), *cert. denied*, 498 U.S. 972 (1990); *In re WorldCom, Inc. ERISA Litig.*, 2004 U.S. Dist. LEXIS 20671, at *15-16 (approving substantially similar notice plan as appropriate, fair, and adequate); *In re Global Crossing*, 225 F.R.D. at 448-49 (noting that a Notice Plan similar to the one proposed here “went well beyond the requirements for the non-opt out ERISA classes”). Accordingly, the form of notice proposed by Plaintiffs satisfies the due process requirements of Fed. R. Civ. P. 23.

VII. CONCLUSION

For the reasons discussed herein, the Settlement is a fair, adequate, and reasonable resolution of the claims against the Defendants in this complex and hard-fought ERISA class action. Thus, Plaintiffs and Plaintiffs' Counsel respectfully request that the Court grant their motion and enter the Preliminary Approval Order, which: (a) preliminary approves the Settlement; (b) certifies the proposed Settlement Class pursuant to Fed. R. Civ. P. 23(a); (c) approves the forms for the mailing and publication of the Notice of Settlement; (d) authorizes the mailing and publication of those notices; and (e) sets a date and time for the Fairness Hearing and related deadlines as set forth in the Preliminary Approval Order.

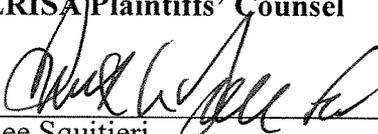
Respectfully submitted this 20th day of June, 2008.



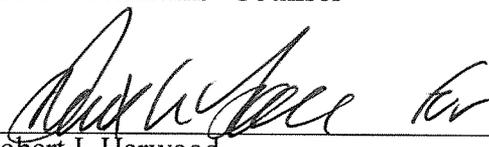
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CERTIFICATE OF SERVICE

I hereby certify that on June 20, 2008, a true and correct copy of the foregoing PLAINTIFFS' MEMORANDUM IN SUPPORT OF MOTION FOR ORDER PRELIMINARILY APPROVING SETTLEMENT, CERTIFYING SETTLEMENT CLASS, APPROVING NOTICE PLAN, AND CONFIRMING FAIRNESS HEARING DATE was served via the court's electronic filing system upon the counsel as set forth below:

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I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 20, 2008.

s/ Derek W. Loeser
Derek W. Loeser

EXHIBIT 1

to

**MEMORANDUM IN SUPPORT OF MOTION FOR
ORDER PRELIMINARILY APPROVING SETTLEMENT,
CERTIFYING SETTLEMENT CLASS, APPROVING
NOTICE PLAN, AND CONFIRMING FAIRNESS
HEARING**

**(Order Preliminarily Approving Settlement
And Scheduling Final Settlement Hearing)**

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

**ORDER PRELIMINARILY APPROVING SETTLEMENT AND
CONFIRMING FINAL SETTLEMENT HEARING**

This litigation involves claims for alleged violations of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001, et seq. (“ERISA”), with respect to the AIG Incentive Savings Plan, the American General Employees’ Thrift and Incentive Plan, the American General Agents’ and Managers’ Thrift Plan, and the CommoLoCo Thrift Plan (the “Plans”).¹

Presented to the Court for preliminary approval is a settlement of the litigation as against all Defendants. The terms of the Settlement are set out in a Class Action Settlement Agreement (the “Settlement Agreement”), executed by counsel on June 18, 2008 on behalf of the Parties.

On June 20, 2008, Plaintiffs filed their Motion for Preliminary Approval of the Settlement, which the Court has considered the Settlement to determine, among other things,

¹ Capitalized terms not otherwise defined in this order shall have the same meaning as ascribed to them in the Settlement Agreement.

whether to certify a class and whether the Settlement is sufficient to warrant the issuance of notice to members of the Settlement Class. Upon reviewing the Settlement Agreement, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

1. Class Findings. The Court preliminarily finds that the requirements of the Federal Rules of Civil Procedure, the United States Constitution, the Rules of the Court and any other applicable law have been met as to the “Settlement Class” defined below, in that:

(a) The Court preliminarily finds that the Settlement Class is ascertainable from records kept with respect to the Plans and from other objective criteria, and the members of the Settlement Class are so numerous that their joinder before the Court would be impracticable. Rule 23(a)(1) is satisfied.

(b) The Court preliminarily finds that there are one or more questions of fact and/or law common to the Settlement Class. Rule 23(a)(2) is satisfied.

(c) The Court preliminarily finds that the Named Plaintiffs’ claims are typical of the claims of the Settlement Class. Rule 23(a)(3) is satisfied.

(d) The Court preliminarily finds that the Named Plaintiffs will fairly and adequately protect the interests of the Settlement Class in that: (i) the Named Plaintiffs’ interests and the nature of claims alleged are consistent with those of the members of the Settlement Class; (ii) there appear to be no conflicts between or among the Named Plaintiffs and the Settlement Class; and (iii) the Named Plaintiffs and the members of the Settlement Class are represented by qualified, reputable counsel who are experienced in preparing and prosecuting large, complicated ERISA class actions. Rule 23(a)(4) is satisfied.

(e) The Court preliminarily finds that the prosecution of separate actions by individual members of the Settlement Class would create a risk of: (i) inconsistent or

varying adjudications as to individual class members that would establish incompatible standards of conduct for Defendants; or (ii) adjudications as to individual class members that would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications, or substantially impair or impede those persons' ability to protect their interests. Rule 23(b)(1) is satisfied.

(f) The Court preliminarily finds that Defendants have acted or refused to act on grounds generally applicable to the Settlement Class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the Settlement Class as a whole. Rule 23(b)(2) is satisfied.

(g) The Court preliminarily finds that Keller Rohrback L.L.P., Wolf Popper LLP, Harwood Feffer LLP, and Squitieri & Fearon, LLP ("Class Counsel") are capable of fairly and adequately representing the interests of the Settlement Class. Class Counsel have done extensive work identifying or investigating potential claims in the action, and have litigated the validity of those claims at the motion to dismiss stage of this case. Class Counsel are experienced in handling class actions, other complex litigation, and claims of the type asserted in the Action. Class Counsel are knowledgeable of the applicable law, and Class Counsel have committed the necessary resources to represent the Settlement Class. Rule 23(g) is satisfied.

2. Class Certification. Based on the findings set forth above, the Court preliminarily certifies the following class under Fed. R. Civ. P. 23(b)(1) and/or (2) and 23(e) in this litigation (the "Settlement Class"):

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005;

or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

The Court conditionally appoints the Named Plaintiffs as the class representatives for the Settlement Class, and Keller Rohrback L.L.P., Wolf Popper LLP, Harwood Feffer LLP, and Squitieri & Fearon. LLP as Class Counsel for the Settlement Class.

3. Preliminary Findings Regarding Proposed Settlement. The Court preliminarily finds that: (a) the proposed Settlement resulted from informed, extensive arm's-length negotiations and a mediation before the Honorable Layn R. Phillips; (b) Class Counsel has concluded that the proposed Settlement is fair, reasonable, and adequate; and (c) the proposed Settlement is sufficiently fair, reasonable, and adequate to warrant sending notice of the Settlement to the Settlement Class.

4. Fairness Hearing. A hearing is scheduled for October 7, 2008 (the "Fairness Hearing") to determine, among other things:

(a) Whether the Settlement should be approved as fair, reasonable, and adequate;

(b) Whether the Complaint should be dismissed with prejudice pursuant to the terms of the Settlement;

(c) Whether the Class Notice provided for by the Settlement Agreement: (i) constituted the best practicable notice; (ii) constituted notice that was reasonably

calculated, under the circumstances, to apprise members of the Settlement Class of the pendency of the litigation, their right to object to the Settlement, and their right to appear at the Fairness Hearing; (iii) was reasonable and constituted due, adequate, and sufficient notice to all persons entitled to notice; and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, and any other applicable law;

(d) Whether Class Counsel adequately represented the Settlement Class for purposes of entering into and implementing the Settlement Agreement;

(e) Whether the application for attorneys' fees and expenses filed by Class Counsel should be approved; and

(f) Whether the application for case contribution awards for the Named Plaintiffs should be approved.

5. Class Notice. A proposed form of Class Notice is attached hereto as Exhibit A. With respect to such form of Class Notice, the Court finds that such form fairly and adequately: (a) describes the terms and effect of the Settlement Agreement and of the Settlement; (b) notifies the Settlement Class concerning the proposed Plan of Allocation; (c) notifies the Settlement Class that Class Counsel will seek a case contribution award from the Settlement Fund for the Named Plaintiffs in an amount not to exceed \$5,000, for attorneys' fees and expenses not to exceed 30% of the Settlement Amount, and reimbursement of out-of-pocket expenses; (d) gives notice to the Settlement Class of the time and place of the Fairness Hearing; and (e) describes how the recipients of the Class Notice may object to any of the relief requested.

The Court directs that Class Counsel shall:

(a) By no later than forty-five (45) days before the Fairness Hearing, cause the Class Notice, with such non-substantive modifications thereto as may be agreed upon

by the Parties, to be sent to each Person within the Settlement Class who can be identified by Defendants with reasonable effort. Such notice shall be sent either by e-mail or first-class mail, postage prepaid, to the Person's last known address. Defendants shall provide names and last known addresses of the Class members, to the extent reasonably available, in electronic format at least twenty-one (21) days prior to the deadline for mailing notice.

(b) By no later than forty-five (45) days before the Fairness Hearing, cause the Class Notice to be published on each website identified in the Class Notice.

(c) By no later than forty-five (45) days before the Fairness Hearing, cause a summary notice in the form attached hereto as Exhibit B, with such non-substantive modifications thereto as may be agreed upon by the Parties, to be published on at least one occasion in *The Wall Street Journal* (National Edition).

At or before the Fairness Hearing, Class Counsel shall file with the Court a proof of timely compliance with the foregoing mailing and publication requirements.

6. Objections to Settlement. Any member of the Settlement Class who wishes to object to the fairness, reasonableness, or adequacy of the Settlement, to the Plan of Allocation, to any term of the Settlement Agreement, to the proposed award of attorneys' fees and expenses, or to any request for a case contribution award for the Named Plaintiffs, may file an Objection. An objector must file with the Court a statement of his, her or its objection(s), specifying the reason(s), if any, for each such objection made, including any legal support and/or evidence that such objector wishes to bring to the Court's attention or introduce in support of such objection. The objector must also mail the objection and all supporting law and/or evidence to Class Counsel and to Defendants' counsel. The addresses for filing objections with the Court and service on counsel are as follows:

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Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

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Fax: (212) 446-2350

Dennis P. Orr
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104
Fax: (212) 468-7900

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WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Fax: (212) 294-4700

David M. Murphy
WACHTELL LIPTON ROSEN & KATZ
51 West 52nd Street
New York, NY 10019
Fax: (212) 403-2000

The objector or his, her or its counsel (if any) must effect service of the objection on counsel listed above and file it with the Court by no later than fourteen (14) days before the date of the Fairness Hearing. If an objector hires an attorney to represent him, her or it for the purposes of making such objection pursuant to this paragraph, the attorney must both effect service of a notice of appearance on counsel listed above and file it with the Court by no later than fourteen (14) days before the date of the Fairness Hearing. Any member of the Settlement Class or other Person who does not timely file and serve a written objection complying with the terms of this paragraph shall be deemed to have waived, and shall be foreclosed from raising, any objection to the Settlement, and any untimely objection shall be barred.

7. Appearance at Fairness Hearing. Any objector who files and serves a timely, written objection in accordance with paragraph 6 above, may also appear at the Fairness

Hearing either in person or through counsel retained at the objector's expense. Objectors or their attorneys intending to appear at the Fairness Hearing must effect service of a notice of intention to appear setting forth, among other things, the name, address, and telephone number of the objector (and, if applicable, the name, address, and telephone number of the objector's attorney) on Class Counsel and on the Defendants' counsel (at the addresses set out above). The objector must also file the notice of intention to appear with the Court by no later than fourteen (14) days before the date of the Fairness Hearing. Any objector who does not timely file and serve a notice of intention to appear in accordance with this paragraph shall not be permitted to appear at the Fairness Hearing, except for good cause shown.

8. Notice Expenses. The expenses of printing and mailing all notices required hereby shall be paid from the Settlement Fund as provided in Section 8.1 of the Settlement Agreement.

9. Service of Papers. Defendants' counsel and Class Counsel shall promptly furnish each other with copies of any and all objections that come into their possession.

10. Termination of Settlement. This Order shall become null and void, and shall be without prejudice to the rights of the parties, all of whom shall be restored to their respective positions existing immediately before this Court entered this Order, if the Settlement is terminated in accordance with the Settlement Agreement. In such event, Section 9 of the Settlement Agreement shall govern the rights of the parties.

11. Use of Order. In the event this Order becomes of no force or effect, it shall not be construed or used as an admission, concession, or declaration by or against the Defendants, the Named Plaintiffs or the Settlement Class.

12. Continuance of Hearing. The Court may continue the Fairness Hearing without further written notice.

SO ORDERED this _____ day of _____, 2008.

Hon. John E. Sprizzo, U.S.D.J.

EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

**NOTICE OF PROPOSED SETTLEMENT OF ERISA CLASS ACTION LITIGATION,
SETTLEMENT FAIRNESS HEARING, AND
MOTION FOR ATTORNEYS' FEES AND
REIMBURSEMENT OF EXPENSES**

Your legal rights might be affected if you are a member of the following class:

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

**PLEASE READ THIS NOTICE CAREFULLY.
A FEDERAL COURT AUTHORIZED THIS NOTICE.
THIS IS NOT A SOLICITATION.
YOU HAVE NOT BEEN SUED.**

This notice ("Notice") advises you of a proposed settlement (the "Settlement") of a consolidated class action lawsuit brought by plaintiffs Margaret B. Amidei, Oscar Saleh, Grace C. Baxter, Linda S. Adams, Christopher Townley, and Terry Phillips (collectively, the "Named Plaintiffs") on behalf of themselves, the Plans (referred to above), and as representatives of the Class against the Defendants who are alleged fiduciaries under the Plans, alleging that they breached their fiduciary duties and violated the Employee Retirement Income Security Act of 1974 ("ERISA").

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**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

This Settlement relates to all claims brought under ERISA against American International Group, Inc. (“AIG” or the “Company”) and the following persons named as defendants in the Complaint (defined below): Richard A. Grosiak, Axel I. Freudmann, Patricia Cameron, Robert Cole, Gustavo Covacevich, Marion Fajen, Georgia Feigel, Anthony Galieto, John Keogh, Ronald Latz, David Pinkerton, Charles Schader, Patricia McCann, Gary Reddick, Kathleen Shannon, Nicholas Tyler, Patricia McCann, and Timothy Hayes (the “AIG Defendants”) and against Maurice R. Greenberg, Howard I. Smith, Martin J. Sullivan, and Donald P. Kanak (the “Director Defendants”) (collectively, the “Defendants”). The Named Plaintiffs and the Defendants are referred to herein as the “Parties.”

The Settlement will provide for a cash payment consisting of \$24,200,000.00 (twenty-four million two hundred thousand dollars), for alleged losses to the Plans to settle the claims against the Defendants, and for a pro rata allocation of this payment (excluding certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys’ fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) to the accounts of members of the Class who had any portion of their Plan accounts invested in AIG stock during the Class Period. The distributions will be made in proportion to the loss in value of AIG stock sustained by members of the Class during the Class Period.

The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and that approval is upheld if there are any appeals. This process is explained in greater detail below.

Identification of Key Terms: This Notice contains summary information with respect to the Settlement. The terms and conditions of the Settlement are set forth in a Class Action Settlement Agreement (the “Settlement Agreement”). The Settlement Agreement, and additional information with respect to this lawsuit and the Settlement, are available at www._____.com. Counsel for the Class: Keller Rohrback L.L.P., 1201 Third Avenue, Suite 3200, Seattle, WA 98101; Wolf Popper LLP, 845 Third Avenue, New York, NY 10022; Squitieri & Fearon, LLP, 32 East 57th Street, 12th Floor, New York, NY 10022; and Harwood Feffer LLP, 488 Madison Avenue, New York, NY 10022 (collectively, “Plaintiffs’ Counsel”), have established a toll-free phone number (1-800-____-____) and email address (_____) if you have questions.

Reasons for the Settlement: The Settlement resolves all claims in the Action against the Defendants for allegedly breaching fiduciary duties and violating ERISA. The Settlement is not, and should not be construed as, an admission of any fault, liability or wrongdoing whatsoever by any of the Defendants, who continue to deny all such claims. The Named Plaintiffs and Plaintiffs’ Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class. The Named Plaintiffs and Plaintiffs’ Counsel believe that the Settlement provides a substantial benefit in the form of \$24,200,000.00 in cash (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorney’s fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation), as compared to the risks, costs and delays of proceeding with this litigation against the Defendants.

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**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

Identification of Plaintiffs' Counsel: Any questions regarding the Settlement should be directed to Plaintiffs' Counsel: Lynn Lincoln Sarko, Keller Rohrback L.L.P., 1201 Third Avenue, Suite 3200, Seattle, WA 98101; Marian P. Rosner, Wolf Popper LLP, 845 Third Avenue, New York, NY 10022; Lee Squitieri, Squitieri & Fearon, LLP, 32 East 57th Street, 12th Floor, New York, NY 10022; or Robert I. Harwood, Harwood Feffer LLP, 488 Madison Avenue, New York, NY 10022. Please do not contact the Court. They will not be able to answer your questions.

PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS TO WHOM THIS NOTICE IS ADDRESSED, THE SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS CASE. IF YOU ARE IN FAVOR OF THE SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU DISAPPROVE, YOU MAY OBJECT TO THE SETTLEMENT PURSUANT TO THE PROCEDURES DESCRIBED BELOW.

ACTIONS YOU MAY TAKE IN THE SETTLEMENT	
NO ACTION IS NECESSARY TO RECEIVE PAYMENT.	<p>If the Settlement is approved by the Court and you are a member of the Class, you do not need to do anything in order to receive a payment. The portion, if any, of the Settlement Fund to be allocated to your Plan account will be calculated as part of the implementation of the Settlement.</p> <p>If you are a current Plan participant, any share of the Settlement Fund to which you are entitled will be deposited into your Plan account. If you are no longer a Plan participant and are entitled to share in the Settlement Fund, a Plan account will be established for you, if necessary, and you will be notified of such account.</p>
YOU CAN OBJECT NO LATER THAN SEPTEMBER 23, 2008.	If you wish to object to any part of the Settlement, you can write to the Court and explain why you do not like the Settlement.
YOU CAN GO TO THE HEARING ON OCTOBER 7, 2008 BY FILING A NOTICE OF INTENTION TO APPEAR NO LATER THAN SEPTEMBER 23, 2008.	If you have submitted a written objection to the Court, you can ask to speak in Court about the fairness of the Settlement.

**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

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This litigation (the “*ERISA Action*”) is a consolidation of a series of cases filed in federal district court. As described in more detail below and in the complaints themselves, the cases concern allegations that Defendants breached fiduciary duties they owed to participants in the *Plans*. Copies of the Consolidated Amended Complaint for Breach of Fiduciary Duty under ERISA (“*Complaint*”) and other documents filed in the *ERISA Action* are available at www._____.com.

**Questions? CALL 1-800-__ - __ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

SUMMARY OF SETTLEMENT

A Settlement Fund will be established in this Action by depositing the Settlement amount of \$24,200,000.00 in an interest bearing account. The Settlement Fund, including any accrued interest (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) will be allocated among the Class members in accordance with the Plan of Allocation to be approved by the Court. (*See* Section 4 below for details of the Plan of Allocation).

As with any litigation, the Parties would face an uncertain outcome if the Action were to continue against the Defendants. Continued litigation of the Action against the Defendants could result in a judgment or verdict greater or less than the recovery under the Settlement Agreement, or in no recovery at all. Moreover, this litigation has been hotly contested from the outset. Indeed, throughout this litigation, the Named Plaintiffs and the Defendants have disagreed on both liability and damages, and they do not agree on the amount that would be recoverable even if the Plaintiffs were to prevail at trial. The Defendants, among other things: (1) have denied, and continue to deny, the material allegations of the Complaint; (2) have denied, and continue to deny, any wrongdoing or liability whatsoever; (3) believe that they acted at all times reasonably and prudently with respect to the Plans, their participants and beneficiaries, and the Settlement Class; (4) would assert certain other defenses if this Settlement is not consummated; and (5) are entering into the Settlement solely to avoid the cost, disruption, and uncertainty of litigation. Nevertheless, the Parties have taken into account the uncertainty and risks inherent in this litigation, particularly its complex nature, and have concluded that it is desirable that the Action be fully and finally settled on the terms and conditions set forth in the Settlement Agreement.

Plaintiffs' Counsel in the Action will apply to the Court for an order awarding Counsel attorneys' fees not in excess of 30% of the amount recovered in the Settlement, plus reimbursement of expenses. The Named Plaintiffs in the Action will share in the allocation of the money paid to the Plans on the same basis and to the same extent as all other members of the Settlement Class, except that, in addition, the Named Plaintiffs may apply to the Court for compensation up to \$5,000 each. Any compensation awarded to the Named Plaintiffs by the Court will be payable from the proceeds of the Settlement.

Plaintiffs' Counsel have established a toll-free phone number (1-800-_____) if you have questions or comments. Plaintiffs' Counsel may also be contacted via email (_____).

1. Why did I get this Notice package?

Either you or someone in your family may have been a participant in or beneficiary of one of the Plans and may have had a portion of your, his, or her Plan account(s) invested in AIG stock during the Class Period. The Court has directed that this Notice be sent to you because, as a potential class

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**Questions? CALL 1-800-__ - __ TOLL FREE, OR VISIT
www._____.com.
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member, you have a right to know about the proposed Settlement with the Defendants before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and all related objections and appeals are favorably resolved, the net amount of the Settlement Fund will be allocated among Class members according to a court-approved Plan of Allocation.

This Notice explains the Action, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how you will receive your portion of the benefits. The purpose of this Notice is to inform you of a hearing (the "Fairness Hearing") to be held by the Court to consider the fairness, reasonableness and adequacy of the proposed Settlement and to consider the application of Plaintiffs' Counsel for their attorneys' fees and reimbursement of litigation expenses as well as an application for case contribution awards to the Named Plaintiffs.

The Fairness Hearing will be held at 3:00 p.m. on October 7, 2008 before the Honorable John E. Sprizzo in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312, to determine:

- (a) Whether the Settlement should be approved as fair, reasonable, and adequate;
- (b) Whether the Complaint should be dismissed with prejudice pursuant to the terms of the Settlement;
- (c) Whether the Class Notice provided for by the Settlement Agreement: (i) constituted the best practicable notice; (ii) constituted notice that was reasonably calculated, under the circumstances, to apprise members of the Settlement Class of the pendency of the litigation, their right to object to the Settlement, and their right to appear at the Fairness Hearing; (iii) was reasonable and constituted due, adequate, and sufficient notice to all persons entitled to notice; and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, and any other applicable law;
- (d) Whether the Class should be certified pursuant to Fed. R. Civ. P. 23(a) & (b) for purposes of the Settlement, and with respect thereto, whether Plaintiffs' Counsel should be appointed as Class Counsel pursuant to Fed. R. Civ. P. 23(g);
- (e) Whether the application for attorneys' fees and expenses filed by Plaintiffs' Counsel should be approved; and
- (f) Whether the application for case contribution awards for the Named Plaintiffs should be approved.

The issuance of this Notice is not an expression of the Court's opinion on the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payment to the Class will be made after all related appeals, if any, are favorably resolved. It is always uncertain whether such appeals can be favorably resolved, and resolving them can take time, perhaps more than a year. Please be patient.

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**Questions? CALL 1-800-___ - ___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

2. How do I know whether I am part of the Settlement?

The Court has certified the Action as a class action. If you: (a) were a participant in or beneficiary of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) your Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s). The "Settlement Class" shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

3. What does the Settlement provide?

A Settlement Fund consisting of \$24,200,000.00 in cash, plus interest, is being established in the Action. The net amount in the Settlement Fund (after payment of, and establishment of reserves for, certain amounts as described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) will be allocated among and paid to members of the Class according to a Plan of Allocation to be approved by the Court. Allocations will be made to accounts established for members of the Class. Disbursement of the Settlement Fund to the Class will occur once the Settlement has become Final – after all appeals relating to the Settlement are favorably decided and all appeal periods have run.

The above description of the operation of the Settlement is only a summary. The governing provisions are set forth in the Settlement Agreement (including its exhibits), which may be obtained at www._____.com.

4. What will be my share of the Settlement Fund?

Your share of the Settlement Fund, if any, will be determined using a methodology that takes into account the value of any investments in AIG stock in your account(s) at the beginning of the Class Period, the value of subsequent AIG stock purchases in your account(s) (whether as a result of Company matching or voluntary contributions), and the proceeds of AIG stock sales or withdrawals from your account(s). That methodology, called the Plan of Allocation, will be implemented by the Plans' trustee and record keeper and based on available records. The Court will be asked to approve the Plan of Allocation at the Fairness Hearing.

In general, the Plan of Allocation will provide that each Class member's share of the Settlement Fund will be calculated as follows:

**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
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The Net Proceeds shall be distributed among Class members in proportion to their Net Losses. Each Class member's Net Loss will be the total of the member's "AIG Common Stock Fund Net Loss", which will be, for each Class member, the greater of (a) zero, or (b) the result obtained by taking (i) the dollar amount of the Class member's Plan account balance invested in the AIG Common Stock Fund at the beginning of the Class Period; adding (ii) the dollar amount added to the Class member's Plan account balance invested in the AIG Common Stock Fund during the Class Period (including the value of AIG common stock received as a dividend); and subtracting (iii) the dollar amount credited to the Class member's Plan account balance resulting from dispositions from the AIG Common Stock Fund.

The Net Losses of the Class members will be aggregated. Each Class member will be assigned a Net Loss Percentage, showing the percentage of the Class member's Net Loss in relation to all Class members' Net Losses. Each Class member's share of the Net Proceeds will be equal to the Net Proceeds multiplied by the member's Net Loss Percentage. If data is not available for the beginning date of the Class Period, then data from the nearest available date will be used.

The trustee or record keeper will perform all calculations for you and determine both whether you are entitled to a share of the Net Proceeds and your share amount. The trustee or record keeper will have access to all available records so you do not need to be concerned if you no longer have your Plan account statements. The Court will be asked to approve a more detailed statement of the Plan of Allocation, a copy of which is available along with other settlement documents at www._____.com.

The Settlement shall not include the Individual Defendants, or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

5. What is the lawsuit about? What has happened so far?

Beginning on November 30, 2004, nine putative class action lawsuits were brought on behalf of a purported class of individuals who were participants in or beneficiaries of the Plans during the Class Period, alleging breaches of fiduciary duties in violation of ERISA (the "ERISA Actions"). By Order dated August 3, 2005, the Court consolidated the ERISA Actions under Master File No. 04-9387.

Plaintiffs allege in the Complaint, among other things, that the Defendants were fiduciaries of the Plans and violated fiduciary duties under ERISA by causing the Plans to offer, purchase and hold units of AIG stock when AIG stock was allegedly an unsuitable and imprudent investment for the Plans. Plaintiffs further allege that the Defendants violated ERISA by misrepresenting to Plaintiffs and Plan participants the true financial condition of the Company and, consequently, the true value of AIG stock. Plaintiffs sought to recover from the Defendants losses to the Plans caused by the Defendants' alleged misconduct.

**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

The Defendants have continued to deny all of the claims. Plaintiffs' Counsel have conducted extensive discovery regarding the facts and claims in this Action, including reviewing millions of pages of documents produced in this Action, participating in a number of merits depositions, serving document requests and interrogatories, and analyzing studies performed by their consultants regarding the estimated damages in the Action.

After engaging in this extensive fact-finding discovery, Plaintiffs' Counsel and counsel for the Defendants have reached an agreement to settle the Action on the terms that are summarized in this Notice. The Named Plaintiffs and the Defendants, through their counsel, have conducted an extensive investigation of the allegations in the Action and evaluated its merits. With the assistance of counsel and an independent mediator, the Parties have also engaged in substantial arm's-length negotiations to attempt to resolve all claims that have been or could have been asserted in the Action against the Defendants. Plaintiffs' Counsel and counsel for the Defendants have conducted numerous meetings and conferences in which the terms of the Settlement were extensively debated and negotiated.

6. Why is this case a class action?

In a class action, one or more plaintiffs, called "named plaintiffs," sue on behalf of people who have similar claims. All of the individuals on whose behalf the Named Plaintiffs in this Action are suing are "Class members," and they are also referred to in this Notice as members of the Class. The Court resolves the issues for all Class members. U.S. District Judge John E. Sprizzo is presiding over this case.

7. Why is there a Settlement?

Under the proposed Settlement, the Court will not decide the merits of the Action in favor of either the Plaintiffs or the Defendants. By agreeing to a Settlement, both the Plaintiffs and the Defendants avoid the costs, risks and delays of litigating the Action.

This Settlement is the product of extensive arm's-length negotiations between Plaintiffs' Counsel and the Defendants' counsel, including utilizing the services of an experienced mediator. Throughout the Settlement negotiations, the Plaintiffs and the Defendants were advised by various consultants and experts, including individuals with expertise in ERISA fiduciary liability issues, insurance coverage issues, and potential damages evaluations in cases involving ERISA fiduciary liability.

Plaintiffs' Counsel believe that the proposed Settlement is fair, reasonable and adequate and in the best interest of the Class.

8. How can I get my portion of the recovery?

Members of the Class do not need to file a claim for recovery in this Action. Members of the Class will receive instructions regarding how to receive any distribution. Any questions regarding the

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**Questions? CALL 1-800-___ - ___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

distribution of the Settlement Fund can be directed to 1-800-_____-_____ or _____ .com.

9. When will I receive my payment?

Payment is conditioned on several matters, including the Court's approval of the Settlement and that approval becoming Final and no longer subject to any appeals. Upon satisfaction of various conditions, the Net Proceeds will be allocated to Class Members' Plan accounts or to accounts created for them pursuant to the Plan of Allocation (described above) as soon as possible after Final approval has been obtained for the Settlement, including the exhaustion of any appeals. Any appeal of the Final approval could take several years. Any accrued interest on the Settlement Fund will be included in the amount allocated and paid to the Class members. The Settlement Agreement may be terminated on several grounds, including if the Court does not approve or otherwise modifies the terms of the Settlement. If the Settlement Agreement is terminated, the Settlement will also be terminated, and the Action will proceed as if the Settlement had not been reached.

10. What rights am I giving up in the Settlement?

If the Settlement is approved, the Court will enter a judgment. This judgment will fully, finally, and forever release, relinquish, and discharge all of the Defendants and any person or entity that at any time during the Class Period served as a named or functional fiduciary or a trustee of the Plans, as well as any representative of any Defendant or any such person or entity, including, but not limited to, their attorneys, agents, directors, officers, and employees, and the Insurers (the "Released Parties") from, and shall forever enjoin from prosecution all of the Released Parties for, any and all Released Claims.

The Released Claims shall be any actual or potential claims, actions, causes of action, demands, obligations, liabilities, attorneys' fees, expenses and costs not otherwise addressed in the Agreement through the date of execution of the Settlement Agreement whether arising under local, state, or federal law, whether by statute, contract, common law, equity, or otherwise, whether brought in an individual, representative, or any other capacity, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated that have been, could have been, or could be brought by or on behalf of the Named Plaintiffs, the Plans, or any member of the Settlement Class in the Complaint and that: (i) arise out of, relate to or are based on the allegations, facts, matters, occurrences or omissions set forth in the Complaint: (a) breach of duties or obligations under ERISA to the Plans, to Named Plaintiffs, to the Settlement Class, or to the other participants and beneficiaries of the Plans in connection with the acquisition or direct or indirect holding of AIG stock and/or AIG Stock Fund(s) by or for the benefit of the Plans or the Plans' participants or beneficiaries; (b) failure to provide information to the Plans' fiduciaries or the Plans' participants and beneficiaries regarding AIG or AIG stock; (c) failure to appoint, remove and/or adequately monitor the Plans' fiduciaries; (d) violation of ERISA duties related to the acquisition, disposition, or retention of AIG stock by the Plans; (e) breach of ERISA duties in connection with the failure to avoid or resolve conflicts of interest; or (f) knowing of an ERISA breach of fiduciary duty related to the acquisition, disposition, or retention of AIG stock by

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**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
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the Plans, and participating or enabling such ERISA breach of fiduciary duty, or knowing of the ERISA breach and failing to remedy it; (ii) would be barred by principles of *res judicata* had the claims asserted in the Action been fully litigated and resulted in a final judgment or order; or (iii) pertain to any conduct related to the direction to calculate, the calculation of, and/or the method or manner of allocation of the Settlement Fund to the Plans or any participant or beneficiary of the Plans pursuant to the Plan of Allocation. The Released Claims do not include the claims in the *In re AIG Securities Litigation*, Case No. 04-CV-8141 (JES) (AJP), and in the *In re AIG Derivative Litigation*, Case No. 04-CV-8406 (JES) (AJP), and actions consolidated thereunder, both pending in the United States District Court for the Southern District of New York, which are separate lawsuits and which are not affected by this Settlement.

11. Can I exclude myself from the Settlement?

You do not have the right to exclude yourself from the Settlement. For settlement purposes, the Action was certified under Federal Rule of Civil Procedure 23(b)(1) because the Court determined the requirements of that rule were satisfied. Thus, it is not possible for any of the Class members to exclude themselves from the Settlement. As a member of the Class, you will be bound by any judgments or orders that are entered in the Action for all claims that were or could have been asserted in the Action against the Defendants or are otherwise included in the release under the Settlement.

Although members of the Class cannot opt out of the Settlement, they can object to the Settlement and ask the Court not to approve the Settlement.

12. Do I have a lawyer in the case?

The Court has appointed the law firms of Keller Rohrback L.L.P., Wolf Popper LLP, Squitieri & Fearon, LLP, and Harwood Feffer LLP as members of a provisional committee for the Named Plaintiffs, the Plans, and the Class (“Plaintiffs’ Counsel”). You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

At the Fairness Hearing, Plaintiffs’ Counsel will apply for an award of attorneys’ fees and expenses on behalf of all Plaintiffs’ counsel. The application for attorneys’ fees will not exceed 30% of the Settlement Fund. Any award of fees and additional expenses will be paid from the Settlement Fund prior to allocation and payment to the Class members.

To date, neither Plaintiffs’ Counsel nor any additional Plaintiffs’ counsel have received any payment for their services in prosecuting this Action on behalf of the Class, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Plaintiffs’ Counsel would compensate all of Plaintiffs’ counsel for their efforts in achieving the Settlement for the benefit of the Class and for their risk in undertaking this representation on a contingency basis. The Court will determine the actual amount of the award..

14. How do I tell the Court that I don't like the Settlement?

Any member of the Class may appear at the Fairness Hearing and explain why Settlement of the Action against the Defendants as embodied in the Settlement Agreement should not be approved as fair, reasonable and adequate and why a judgment should not be entered thereon, why the attorneys' fees and expenses should not be awarded, or why the Named Plaintiffs should not be awarded a case contribution award¹ provided, however, that no member of the Class shall be heard or entitled to contest these matters unless such Class member has filed with the Court written objections (which state all supporting bases and reasons for the objection, set forth proof of their membership in the Class, clearly identify any and all witnesses, documents and other evidence of any kind that are to be presented at the Fairness Hearing in connection with such objections, and further describe the substance of any testimony to be given by themselves as well as by any supporting witnesses).

To object, you must send a letter or other written statement saying that you object to the Settlement, the attorneys' fee award, and/or the case contribution awards in *In re AIG ERISA Litigation*, No. 04-CV-9387 (JES) (AJP). Be sure to include your name, address, telephone number, signature, and a full explanation of all reasons you object to the Settlement. **Your written objection must be filed with the Court, and mailed to the counsel listed below, postmarked (and sent via facsimile) by no later than September 23, 2008:**

File with the Clerk of the Court:

Clerk of the Court
United States District Court for the Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street, New York, NY 10007-1312

And, by the same date, serve copies of all such papers by mail and fax to each of the following:

ERISA PLAINTIFFS' COUNSEL:

Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101
Fax: (206) 623-3384

Marian P. Rosner
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022
Fax: (212) 486-2093

¹The case contribution award is that amount awarded by the Court in recognition of each of the Named Plaintiffs' assistance in prosecuting this Action. The precise amount of the award, if any, shall be determined by the Court at the Fairness Hearing. However, in no event will Plaintiffs' Counsel request more than \$5,000.00 (five thousand dollars) per Named Plaintiff.

Lee Squitieri
SQUITIERI & FEARON, LLP
32 East 57th Street, 12th Floor
New York, NY 10022
Fax: (212) 421-6553

Robert I. Harwood
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022
Fax: (212) 753-3630

COUNSEL FOR DEFENDANTS:

Lewis R. Clayton
PAUL, WEISS, RIFKIND,
WHARTON, & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Fax: (212) 757-3990

Steven I. Froot
BOIES SCHILLER & FLEXNER LLP
570 Lexington Avenue
New York, NY 10022
Fax: (212) 446-2350

Dennis P. Orr
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104
Fax: (212) 468-7900

Vincent A. Sama
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Fax: (212) 294-4700

David M. Murphy
WACHTELL LIPTON ROSEN KATZ
51 West 52nd Street
New York, NY 10019
Fax: (212) 403-2000

UNLESS OTHERWISE ORDERED BY THE COURT, ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED HEREIN WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION AND SHALL BE FOREVER FORECLOSED FROM MAKING ANY OBJECTION TO THE PROPOSED SETTLEMENT AND THE APPLICATION FOR ATTORNEYS' FEES AND EXPENSES AND CASE CONTRIBUTION AWARDS.

15. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 3:00 p.m. on October 7, 2008, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312.

IF YOU DO NOT WISH TO OBJECT TO THE PROPOSED SETTLEMENT OR THE APPLICATION FOR ATTORNEYS' FEES AND EXPENSES AND CASE CONTRIBUTION AWARDS, YOU NEED NOT ATTEND THE FAIRNESS HEARING.

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**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

At the hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to approve the Settlement. The Court will also rule on the motions for attorneys' fees and expenses and case contribution awards to the Named Plaintiffs. We do not know how long these decisions will take.

16. Do I have to come to the hearing?

Plaintiffs' Counsel will answer questions Judge Sprizzo may have. You are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, it will be before the Court when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You may also have your own lawyer attend the Fairness Hearing at your expense, but such attendance is not necessary.

17. May I speak at the hearing?

If you are a member of the Class and you have filed a timely objection, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re AIG ERISA Litigation*, No. 04-9387-(JES) (AJP)." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be served on the attorneys listed above, postmarked and sent via facsimile no later than September 23, 2008, and must be filed with the Clerk of the Court, postmarked no later than September 23, 2008.

The Fairness Hearing may be delayed by the Court without further notice to the Class. If you wish to attend the Fairness Hearing, you should confirm the date and time with a member of the Provisional Committee.

18. What happens if I do nothing at all?

If you do nothing and you are a Class member, you will participate in the Settlement as described above in this Notice if the Settlement is approved.

19. How do I get more information?

This Notice summarizes the proposed Settlement. Full details of the Settlement are set forth in the Settlement Agreement. You may obtain a copy of the Settlement Agreement by making a written request to a member of Plaintiffs' Counsel listed on pages 12-13. Copies of the Settlement Agreement, as well as the Preliminary Motion seeking preliminary approval of the Settlement Agreement, and the Preliminary Approval Order, may also be viewed at www._____.com.

Plaintiffs' Counsel have established a toll-free phone number to receive your comments and questions (1-800-____-____), and may also be contacted via e-mail at _____@_____.com.

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**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

TO ALL MEMBERS OF THE FOLLOWING CLASS:

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

**PLEASE READ THIS NOTICE CAREFULLY.
THIS IS A COURT ORDERED LEGAL NOTICE.
THIS IS NOT A SOLICITATION.**

A Settlement has been preliminarily approved by the federal court in a consolidated class action lawsuit alleging breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with the above-mentioned Plans. This Settlement will provide for a payment of \$24.2 million (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) for alleged losses to the Plans, which will then be allocated to accounts created for Class members who had portions of their Plan accounts invested in AIG stock.

If you qualify, you may receive a portion of such allocation. You do not need to send in a claim or take any other action unless you object to the Settlement. The United States District Court for the Southern District of New York authorized this Notice.

THE COURT WILL HOLD A HEARING AT 3:00 P.M. ON OCTOBER 7, 2008 TO DECIDE WHETHER TO APPROVE THE SETTLEMENT.

Who Is Included In The Settlement?

If you were a participant in or beneficiary of one of the Plans at any time during the Class Period, and your Plan account included investments in AIG stock, or if you are a beneficiary, alternate payee, executor, administrator, Representative, or Successor-In-Interest to any such participant or beneficiary, you are a member of the Class (a "Class member"); provided, however, that the Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

What Is This Case About?

The Named Plaintiffs in the case claim that the Defendants breached fiduciary duties under ERISA by continuing to allow the investment of the Plans' assets in AIG stock, and by other related acts, during the Class Period. All of the Defendants deny they did anything wrong. The Court has not ruled in favor of any party. The Plaintiffs and the Defendants agreed to the Settlement to ensure a resolution and avoid the costs and risks of litigation with respect to the claims against the Defendants. The Defendants are the AIG Defendants and the Director Defendants. Their names are listed in the Settlement Agreement.

What Does The Settlement Provide?

A Settlement Fund of \$24.2 million will be created to be divided among eligible Class members, after payment of certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation, as the Court may allow. A Class Action Settlement Agreement, available at the web site identified below, describes the details of the proposed Settlement. Your share of the net Settlement funds will be based on your proportionate share of the losses alleged to have been suffered by the Plans as a result of the acquisition and holding of AIG stock during the Class Period. The Settlement also releases all claims made against the Defendants in the Action.

How Do You Receive A Payment?

If you are a Class member and entitled to a share of the Settlement Fund according to the Class Action Settlement Agreement, you will not be required to do anything to receive a payment. Payment will be made directly to your account or to an account established for you. You will be notified of this account along with further instructions about how to access your portion of the Settlement Fund.

What Fees and Expenses are Being Sought By the Attorneys?

The lawyers who have prosecuted this case for the Plaintiffs and the Settlement Class on a contingent fee basis will apply to the Court for fees of no more than 30% of the settlement amount, plus reimbursement of the money they have paid out of their own pockets to advance the case. The Court must approve any fees and expenses to the attorneys.

What Are My Options – Can I Object To Or Opt Out Of The Settlement?

You cannot “opt out” or exclude yourself from the Class, but you do have the right to object to the Settlement, Plaintiffs’ Counsels’ request for payment of attorneys’ fees and expenses, compensation for Named Plaintiffs, or the Plan of Allocation by writing to the Court. The detailed notice, available at www._____.com, explains how to object. The case was certified under Federal Rule of Civil Procedure 23(b)(1) as a “non opt out” class action because of the way ERISA operates. Therefore, you will be bound by any judgments or orders that are entered in the Action and, if the Settlement is approved, you will be deemed to have released all of the Defendants and the other Released Parties¹ from all claims that were or could have been asserted in the Action, other than your right to obtain relief provided to you, if any, by the Settlement. The Court will hold a hearing in this case on October 7, 2008 at 3:00 p.m., to consider whether to approve the Settlement and a request by Plaintiffs’ Counsel: Keller Rohrback L.L.P.; Wolf Popper LLP; Squitieri & Fearon, LLP; and Harwood Feffer LLP, representing all Class members, for attorneys’ fees and litigation expenses, for case contribution awards to the Named Plaintiffs, and for other expenses. If approved, these amounts will be paid from the Settlement Fund. Although you cannot opt out of the Settlement, if you object to the Settlement, you may file a written objection with the Court, postmarked no later than September 23, 2008, as described in the Notice of Class Action Settlement. If you file a written objection with the Court, you may ask to appear at the hearing, but it is not required. At the hearing on October 7, 2008, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. If you do not want to object to the Settlement, you do not have to do anything.

How Do I Get More Information About the Settlement?

The Settlement includes a number of other important details. These include, but are not limited to, provisions relating to: (1) releases of claims by the Class; and (2) how the Settlement amount will be allocated among accounts created for eligible Class members. Details of the Settlement are contained in the Notice of Class Action Settlement, which has been mailed to all Class members, and is available at www._____.com. Counsel for the Class members have also set up a toll free number (1-800-____-____) and email address (____@____.com), to

¹ As set forth in Paragraph 3.1 of the Settlement Agreement, “Released Parties” shall include the Defendants and any person or entity that at any time during the Class Period served as a named or functional fiduciary or a trustee of the Plans, as well as any representative of any Defendant or any such person or entity, including, but not limited to, their attorneys, agents, directors, officers, and employees, and the Insurers.

assist in answering any questions Class members may have regarding the Settlement or their rights. You may contact any of Plaintiffs' Counsel in writing at:

Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101
Fax: (206) 623-3384

Marian P. Rosner
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022
Fax: (212) 486-2093

Lee Squitieri
SQUITIERI & FEARON, LLP
32 East 57th Street, 12th Floor
New York, NY 10022
Fax: (212) 421-6553

Robert I. Harwood
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022
Fax: (212) 753-3630

Please direct any questions to counsel for the Class members, and not to the Court, AIG, or any other entity.

EXHIBIT 2

to

**MEMORANDUM IN SUPPORT OF MOTION FOR
ORDER PRELIMINARILY APPROVING SETTLEMENT,
CERTIFYING SETTLEMENT CLASS, APPROVING
NOTICE PLAN, AND CONFIRMING FAIRNESS
HEARING**

(Class Action Settlement Agreement)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

CLASS ACTION SETTLEMENT AGREEMENT

This CLASS ACTION SETTLEMENT AGREEMENT (“Settlement Agreement”) is entered into by and between Named Plaintiffs in this Action, for themselves and on behalf of the Settlement Class and the Plans, on the one hand, and Defendants, on the other. Capitalized terms used herein shall have the meanings set forth in Section 1 below.

RECITALS

WHEREAS, commencing on November 30, 2004, Named Plaintiffs filed complaints asserting claims for relief against Defendants under ERISA;

WHEREAS, on September 26, 2005, Named Plaintiffs filed a Consolidated Class Action Complaint for Violations of the Employee Retirement Income Security Act of 1974, asserting claims on behalf of a purported class of participants in the Plans;

WHEREAS, the Complaint alleges that Defendants, *inter alia*, violated ERISA by failing to prudently and loyally manage the assets of the Plans by offering AIG stock as an investment option to Plan participants; failing to provide Plan participants with complete and accurate information regarding AIG stock; failing to properly monitor the Plans’ fiduciaries; breaching their duties of loyalty to the Plans; breaching their duties and responsibilities as co-fiduciaries; and knowingly participating in alleged breaches of fiduciary duties;

WHEREAS, the AIG Defendants moved to dismiss the Complaint on January 9, 2006, and the various Director Defendants moved to dismiss the Complaint on January 23, 2006, and the Court denied all motions to dismiss on December 12, 2006;

WHEREAS, Defendants have filed answers denying the material allegations of the Complaint, denying any wrongdoing or liability, and asserting certain affirmative defenses;

WHEREAS, Plaintiffs' Counsel state that they have conducted extensive discovery regarding the facts and claims in this Action, including reviewing millions of pages of documents produced in this Action and the Securities and Derivatives Actions, participating in a number of merits depositions, serving document requests and interrogatories, and analyzing studies performed by their consultants regarding the estimated damages in the Action;

WHEREAS, Plaintiffs' Counsel and counsel for the AIG Defendants conducted extensive, arm's-length negotiations concerning a possible compromise and settlement of the Action, including a mediation before the Honorable Layn R. Phillips;

WHEREAS, as a result of their factual investigation and legal research concerning their claims, Plaintiffs' Counsel have concluded that the terms of this Settlement are fair, reasonable, and adequate to Named Plaintiffs and the Settlement Class, and in their best interests, and have agreed to settle the Action on the terms set forth herein after considering: (i) the substantial benefits that the Named Plaintiffs and members of the Settlement Class will receive from the Settlement; (ii) the risks, difficulties, and delays involved with complex litigation such as this, including prosecution through trials and appeals; (iii) the specific risks inherent in complex actions under ERISA, including problems of proof and the variety of defenses potentially available to Defendants; and (iv) the desirability of permitting the Settlement to be consummated as provided herein;

WHEREAS, Defendants deny the material allegations of the Complaint; deny any wrongdoing or liability whatsoever, believe that they acted at all times reasonably and prudently with respect to the Plans, their participants and beneficiaries, and the Settlement Class; would assert certain other defenses if this Settlement is not consummated; and are entering into the Settlement solely to avoid the cost, disruption, and uncertainty of litigation;

WHEREAS, the Insurers have agreed to provide the funds for this Settlement under the Insurance Policies, and the Agreement is contingent upon AIG ensuring that such funding occurs;

WHEREAS, the Parties desire to promptly and fully resolve and settle with finality all of the Released Claims against the Defendants asserted by Named Plaintiffs for themselves and on behalf of the Settlement Class and the Plans, on the terms set forth herein and subject to the approval of the Court;

NOW, THEREFORE, the Parties, in consideration of the promises, covenants and agreements herein described, and for other good and valuable consideration, acknowledged by each of them to be satisfactory and adequate, and without any admission or concession as to any matter of fact or law, and intending to be legally bound, do hereby agree as follows:

1. DEFINITIONS

As used in this Settlement Agreement, capitalized terms and phrases not otherwise defined have the meanings provided below:

1.1. “Action” shall mean the action captioned *In re AIG ERISA Litigation*, Case No. 04-CV-9387 (JES) (AJP), pending in the United States District Court for the Southern District of New York, and any and all cases now or hereafter consolidated therewith. The “Action” excludes the Securities/Derivative Actions.

1.2. “Affiliate” shall mean any entity which owns or controls, is owned or controlled by, or is under common ownership or control with, a Person. For purposes of this definition, “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise.

1.3. “Agreement Execution Date” shall mean the date on which this Settlement Agreement is fully executed, as provided in Section 11.14 below.

1.4. “AIG Defendants” shall mean the Company and the following Persons named as defendants in the Complaint: Richard A. Grosiak, Axel I. Freudmann, Patricia Cameron, Robert Cole, Gustavo Covacevich, Marion Fajen, Georgia Feigel, Anthony Galioto, John Keogh, Ronald Latz, David Pinkerton, Charles Schader, Gary Reddick, Kathleen Shannon, Nicholas Tyler, Patricia McCann, and Timothy Hayes (misidentified as “Thomas Haynes” in the Complaint).

1.5. “Cash Amount” shall have the meaning set forth in Section 7.2.

1.6. “Class Exemption” shall mean the Prohibited Transaction Exemption 2003-39, “Release of Claims and Extensions of Credit in Connection with Litigation,” issued December 31, 2003, by the United States Department of Labor, 68 Fed. Reg. 75,632.

1.7. “Class Notice” shall mean the form of notice appended as Exhibit A to the form of Preliminary Approval Order attached hereto as Exhibit 1.

1.8. “Company” shall mean American International Group, Inc. (“AIG”), a Delaware corporation, each of its Affiliates, and each of its predecessors and Successors-In-Interest.

1.9. “Complaint” shall mean the Consolidated Class Action Complaint for Violations of the Employment Retirement Income Security Act, filed September 26, 2005.

1.10. “Court” shall mean the United States District Court for the Southern District of New York.

1.11. “Defendants” shall mean the AIG Defendants and the Director Defendants.

1.12. “Director Defendants” shall mean Maurice R. Greenberg, Howard I. Smith, Martin J. Sullivan, and Donald P. Kanak.

1.13. “Effective Date of Settlement” shall mean the first date on which the Final Order has become Final in accordance with Section 1.16.

1.14. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, including all regulations promulgated and case law thereunder.

1.15. "Fairness Hearing" shall have the meaning set forth in Section 2.4.4.

1.16. "Final" shall mean, with respect to any judicial ruling, judgment or order, that the ruling, judgment or order remains in effect and that the period for any appeals, petitions, motions for reconsideration, rehearing or certiorari or any other proceedings for review ("Review Proceeding") has expired without the initiation of a Review Proceeding, or, if a Review Proceeding has been timely initiated, that there has occurred a full and final disposition of any such Review Proceeding without a reversal or modification, including the exhaustion of proceedings in any remand and/or subsequent appeal after remand. Notwithstanding any other provision hereof, the Final Order shall be deemed Final without regard to whether: (i) the Court has entered an order regarding the Plan of Allocation or the award of attorneys' fees and expenses; (ii) any order referred to in (i) above, if entered, has become Final; or (iii) any order referred to in (i) is reversed or modified on appeal.

1.17. "Final Order" shall mean the order and judgment approving the Settlement in the form annexed as Exhibit 2 hereto.

1.18. "Financial Institution" shall have the meaning set forth in Section 7.1.1.

1.19. "Immediate Family" shall mean spouses, parents, grandparents, children and grandchildren.

1.20. "Including" (whether or not capitalized) shall mean including without limitation.

1.21. "Independent Fiduciary" shall mean a Plan fiduciary selected and retained at the Defendants' sole expense that has no "relationship to" or "interest in" (as those terms are used in the Class Exemption) any of the Parties.

1.22. "Insurance Policies" shall mean the policies that will be used to satisfy the Insurers' payment obligations under the Settlement Agreement.

1.23. "Insurers" shall mean the insurance companies and their respective affiliates whose policies will be used to satisfy the payment obligations under the Settlement Agreement.

1.24. "Named Plaintiffs" shall mean Margaret B. Amidei, Oscar Saleh, Grace C. Baxter, Linda S. Adams, Christopher Townley, and Terry Phillips.

1.25. "Net Proceeds" shall have the meaning set forth in Section 8.2.

1.26. "Parties" shall mean the undersigned parties to this Settlement Agreement.

1.27. "Person" shall mean an individual, partnership, corporation, governmental entity or any other form of legal entity or organization.

1.28. "Plaintiffs" shall mean Named Plaintiffs and each member of the Settlement Class.

1.29. "Plaintiffs' Counsel" shall mean Wolf Popper LLP, Keller Rohrback L.L.P., Harwood Feffer LLP, and Squitieri & Fearon, LLP.

1.30. The "Plans" shall mean the AIG Incentive Savings Plan, the American General Employees' Thrift and Incentive Plan, the American General Agents' and Managers' Thrift Plan, and the CommoLoCo Thrift Plan, and all predecessor and successor plans, individually and collectively, and any trust created under such Plans.

1.31. "Plan of Allocation" shall mean the Plan of Allocation approved by the Court as contemplated by Section 2.4.4 and described in Section 8.2.

1.32. "Preliminary Approval Order" shall mean the order preliminarily approving the Settlement in the form annexed as Exhibit 1 hereto.

1.33. "Preliminary Approval Motion" shall have the meaning set forth in Section 2.4.1.

1.34. "Released Claims" shall have the meaning set forth in Section 3.1.

1.35. "Released ERISA Claims" shall have the meaning set forth in Section 3.3.

1.36. "Released Parties" shall have the meaning set forth in Section 3.1.

1.37. "Releasees" shall mean the Released Parties, the Named Plaintiffs and the members of the Settlement Class.

1.38. "Releases" shall mean the releases set forth in Sections 3.1, 3.2, 3.3 and 3.4.

1.39. "Representatives" shall mean attorneys, agents, directors, officers, and employees.

1.40. "Securities/Derivative Actions" shall mean the actions captioned *In re AIG Securities Litigation*, Case No. 04-CV-8141 (JES) (AJP), and *In re AIG Derivative Litigation*, Case No. 04-CV-8406 (JES) (AJP), and actions consolidated thereunder, both pending in the United States District Court for the Southern District of New York.

1.41. "Settlement" shall mean the settlement to be consummated under this Settlement Agreement pursuant to the Final Order.

1.42. "Settlement Agreement" means this Class Action Settlement Agreement.

1.43. "Settlement Class" shall mean all Persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s). The "Settlement Class" shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

1.44. "Settlement Fund" shall have the meaning set forth in Section 7.1.

1.45. "Successor-In-Interest" shall mean: a Person's estate, legal representatives, heirs, successors or assigns, including successors or assigns that result from corporate mergers or other structural changes.

1.46. "Unconditional" shall have the meaning set forth in Article 2.

2. CONDITIONS TO THE EFFECTIVENESS OF THE SETTLEMENT

This Settlement shall be Unconditional when each of the following conditions in Sections 2.1 through 2.7 has been satisfied. The Parties will use reasonable good faith best efforts to cause each of the conditions to occur within the times indicated.

2.1. Condition #1: Class Certification for Purposes of Settlement. The Court shall certify the Settlement Class and no other as a non-opt out class for settlement purposes pursuant to Rule 23(a)(1)-(4), 23(b)(1) and/or (2) and 23(e) of the Federal Rules of Civil Procedure, with Named Plaintiffs as the named Class Representatives and Plaintiffs' Counsel as counsel for the Named Plaintiffs. The Parties agree to a certification of the Class for settlement purposes only on the terms set forth in this Settlement Agreement. The Parties further agree that if the Settlement does not become Unconditional, then no Settlement Class will be deemed to have been certified by, or as a result of, this Settlement Agreement, and the Action and the claims asserted by the Named Plaintiffs and the Settlement Class will for all purposes with respect to the Parties revert to their status as of the day immediately before the Agreement Execution Date. In such event, the Defendants will not be deemed to have consented to the certification of any class, the agreements and stipulations in this Settlement Agreement concerning class definition, class period, or class certification shall not be used in any way to support class certification, class definition, any class period, or for any other purpose, and the Defendants will retain all rights to oppose class certification, including certification of a class identical to that provided for in this Settlement Agreement.

2.2. Condition #2: Release by the Independent Fiduciary and Plans.

2.2.1. The Defendants shall retain an Independent Fiduciary, at the Defendants' expense, for the purpose of reviewing the fairness of the Settlement Agreement to the Plans.

2.2.2. At least five (5) business days before the Fairness Hearing is held, the Plans, acting by and through the Independent Fiduciary engaged for the specific purpose of reviewing this Settlement Agreement, and the Independent Fiduciary, in its capacity as a fiduciary of the Plans, shall have agreed in writing, in consideration of the terms herein, to grant, effective upon the entry of the Final Order by the Court, releases of the Releasees, which such releases: (i) shall release the same claims as the Releases set forth in Article 3 below; and (ii) shall be determined by the Independent Fiduciary to meet the requirements of the Class Exemption. The Independent Fiduciary shall have no authority to renegotiate or seek to alter any of the terms of the Settlement as set forth in this Settlement Agreement.

2.3. Condition #3: Resolution of Department of Labor Issues. If any issue between the United States Department of Labor and any Defendant regarding the subject matter of the Released Claims has not been resolved on terms acceptable to the Defendants in their sole and absolute discretion, any Defendant shall have the right to terminate this Settlement Agreement as to that defendant by written notice given pursuant to Section 11.10 at any time up to the fifteenth (15th) day before the Fairness Hearing. If any Defendant timely gives such notice, the Settlement Agreement shall become null and void as to that defendant only on the tenth (10th) day after delivery of such notice unless, prior to the Fairness Hearing, the defendant that delivered such notice waives this provision by written notice given pursuant to Section 11.10. If the Settlement Agreement is terminated pursuant to this Section 2.3, and if the Court determines that supplemental notice should be given to members of the Settlement Class, Named Plaintiffs, Plaintiffs' Counsel, and the Plans shall not be responsible for payment of the cost of such supplemental notice, which shall be paid from the Settlement Fund.

2.4. Condition #4: Court Approval. The Settlement shall have been approved by the Court in accordance with the following steps.

2.4.1. Motion for Preliminary Approval of Settlement and of Notices. Within thirty (30) days after the Agreement Execution Date, Named Plaintiffs will file a motion ("Preliminary Approval Motion") with the Court for entry of the Preliminary Approval Order. Named Plaintiffs shall give Defendants at least seven (7) days to review the Preliminary Approval Motion before filing.

2.4.2. Issuance of Class Notice. Subject to the requirements of the Preliminary Approval Order, Named Plaintiffs shall cause the Class Notice to be disseminated to the Plaintiffs. The Parties will seek to set the Fairness Hearing thirty (30) days from the mailing of the Class Notice to the Settlement Class and ninety (90) days from the date of mailing of notice under the Class Action Fairness Act of 2005, PL 109-2 (2005) ("CAFA"). Defendants shall provide names and last known addresses of the Class members to the extent available with reasonable effort in electronic format at least 21 days prior to the deadline for mailing notice.

2.4.3. Issuance of Notice under the Class Action Fairness Act. Pursuant to CAFA, Defendants shall prepare and provide the notices required by CAFA, including the notices to the United States Department of Justice and to the Attorneys General of all states in which members of the Settlement Class reside, as specified by 28 U.S.C. § 1715, within ten (10) days of filing the Preliminary Approval Motion. Defendants shall give Named Plaintiffs the opportunity to review the notices 7 days before service.

2.4.4. The Fairness Hearing. The Court will conduct a hearing at which it will consider whether the Settlement is fair, reasonable, and adequate (“Fairness Hearing”). On or after the Fairness Hearing the Court will determine: (i) whether to enter the Final Order approving the Settlement and dismissing the Action; (ii) whether the distribution of the Net Proceeds as provided in Section 8.2 and as provided in the Plan of Allocation should be approved; and (iii) what attorneys’ fees, expenses and case contribution awards should be granted to Plaintiffs’ Counsel and to Named Plaintiffs as contemplated by Article 10 of this Settlement Agreement. The Parties agree to support entry of the Final Order as contemplated by clause (i) of this Section 2.4.4. The Defendants will not take any position, and are not required to take any position, with respect to the matters described in clauses (ii) or (iii) of this Section 2.4.4 (provided that nothing contained herein shall prohibit the Independent Fiduciary from taking a position with respect to such matters), nor will any of the Defendants enter into any agreement that restricts the application or disposition of the Settlement Fund. The Parties covenant and agree that they will take all reasonable steps and reasonably cooperate with one another in obtaining the Final Order as contemplated hereby at the Fairness Hearing.

2.4.5. Entry of Final Order. The Court shall have entered the Final Order.

2.5. Condition #5: Funding of Cash Amount. The Cash Amount shall have been deposited into the Settlement Fund Account in accordance with Section 7.1.1 and 7.2.

2.6. Condition #6: Finality of Final Order. The Final Order has become Final.

2.7. Condition #7: Dismissal of Claims. Upon the entry of the Final Order, the Action and all claims asserted therein shall be dismissed with prejudice.

3. RELEASES

3.1. Released Claims. Effective upon the entry of the Final Order and except as specifically set forth in Section 3.5 below, Named Plaintiffs, on behalf of themselves and as Class Representatives, the Plans, and the Settlement Class, shall be deemed to have, and by operation of the Final Order shall have fully, finally, and forever released, relinquished, and discharged all of the Defendants and any person or entity that at any time during the Class Period served as a named or functional fiduciary or a trustee of the Plans, as well as any representative of any Defendant or any such person or entity, including, but not limited to, their attorneys, agents, directors, officers, and employees, and the Insurers (the “Released Parties”) from, and shall forever be enjoined from prosecution of all of the Released Parties for, any and all Released Claims (as defined in the succeeding sentence). For purposes of this Settlement Agreement, “Released Claims” means any and all actual or potential claims, actions, causes of action,

demands, obligations, liabilities, attorneys' fees, expenses and costs other than claims not released pursuant to sections 3.4 and 3.5 hereof through the date of execution of the Settlement Agreement whether arising under local, state, or federal law, whether by statute, contract, common law, equity, or otherwise, whether brought in an individual, representative, or any other capacity, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated that have been, could have been, or could be brought by or on behalf of the Named Plaintiffs, the Plans, or any member of the Settlement Class in the Complaint and that:

- (i) arise out of, relate to or are based on the allegations, facts, matters, occurrences or omissions set forth in the Complaint, including:
 - (a) breach of duties or obligations under ERISA to the Plans, to Named Plaintiffs, to the Settlement Class, or to the other participants and beneficiaries of the Plans in connection with the acquisition or direct or indirect holding of AIG stock and/or AIG Stock Fund(s) by or for the benefit of the Plans or the Plans' participants or beneficiaries;
 - (b) failure to provide information to the Plans' fiduciaries or the Plans' participants and beneficiaries regarding AIG or AIG stock;
 - (c) failure to appoint, remove and/or adequately monitor the Plans' fiduciaries;
 - (d) violation of ERISA duties related to the acquisition, disposition, or retention of AIG stock by the Plans;
 - (e) breach of ERISA duties in connection with the failure to avoid or resolve conflicts of interest; or
 - (f) knowing of an ERISA breach of fiduciary duty related to the acquisition, disposition, or retention of AIG stock by the Plans, and participating or enabling such ERISA breach of fiduciary duty, or knowing of the ERISA breach and failing to remedy it;
- (ii) would be barred by principles of *res judicata* had the claims asserted in the Action been fully litigated and resulted in a final judgment or order; or
- (iii) pertain to any conduct related to the direction to calculate, the calculation of, and/or the method or manner of allocation of the Settlement Fund to the Plans or any participant or beneficiary of the Plans pursuant to the Plan of Allocation.

3.2. Releases of Named Plaintiffs, the Plans and the Settlement Class. Subject to Section 3.5 below, the Defendants shall be deemed to have, and by operation of the Final Order shall have, fully, finally, and forever released, relinquished, and discharged, and shall forever be enjoined from prosecution of Named Plaintiffs, the Plans and the Settlement Class from any and all actual or potential claims, actions, causes of action, demands, obligations, liabilities, attorneys' fees, or costs, whether arising under local, state, or federal law, whether by statute, contract, common law, or equity, whether brought in an individual, representative, or any other

capacity, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated that have been, could have been, or could be brought by the Defendants and arise out of or are related in any way to the acts, omissions, facts, matters, transactions, or occurrences that have been alleged or referred to in the Action, or the method and manner of the distribution of the Settlement Fund and the Plan of Allocation.

3.3. Reciprocal Releases among the Defendants. Each Defendant absolutely and unconditionally releases and forever discharges each and every other Person who is a Defendant from any and all claims relating to the Released ERISA Claims (as defined in the succeeding sentence), including any and all claims for contribution or indemnification for such claims. For purposes of this Settlement Agreement, “Released ERISA Claims” means any and all claims, actions, causes of action, demands, obligations, liabilities, attorneys’ fees, expenses and costs, through the date of execution of the Settlement Agreement, arising from the allegations of ERISA violations set forth in the Complaint, as specifically described in subsections (a) – (f) of Section 3.1 above. Without limiting the foregoing, and solely for the avoidance of doubt, the Parties confirm that nothing in this Agreement is intended to or shall be construed to release, discharge, or affect in any way (i) any claims that any Defendant may have against any other Defendant arising out of or relating to the facts alleged in the pleadings in *Starr International Company, Inc. v. American International Group, Inc.*, No. 05-CV-6283 (BSJ) (MHD) (S.D.N.Y.), *American International Group, Inc. v. Greenberg, et al.*, No. 600885/08 (Ramos, J.) (N.Y. Sup. Ct.), *In re AIG Securities Litigation*, No. 04-CV-8141 (JES) (AJP), *In re AIG Derivative Litigation*, No. 04-CV-8406 (JES) (AJP), *American International Group, Inc. Consolidated Derivative Litigation*, No. 769-VCS (Del. Ch. Ct.), *The Starr Foundation v. American International Group, Inc.*, No. 601380/08 (Ramos, J.) (N.Y. Sup. Ct.), or *Teachers’ Retirement System of Louisiana v. Greenberg, et al.*, No. 2106-VCS (Del. Ch. Ct.), including without limitation any claims actually asserted or that could have been asserted by any Defendant arising out of or relating to such facts, and any related claims for contribution or indemnification, or (ii) any other claims that any Defendant may have against any other Defendant, whether pending or not at this time, that are not Released ERISA Claims or claims for contribution or indemnification relating to the Action.

3.4. Scope of Releases. The Parties intend and agree that the Releases granted in this Article 3 shall be effective as a bar to any and all currently unsuspected, unknown, or partially known claims within the scope of their express terms and provisions. Accordingly, Named Plaintiffs hereby expressly waive, on their own behalf and on behalf of all members of the Settlement Class and on behalf of the Plans, and the Defendants hereby expressly waive, any and all rights and benefits respectively conferred upon them by the provisions of Section 1542 of the California Civil Code and all similar provisions of the statutory or common laws of any other State, Territory, or other jurisdiction. Section 1542 reads in pertinent part:

A general release does not extend to claims that the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Named Plaintiffs, on their own behalf and on behalf of all members of the Settlement Class and on behalf of the Plans, and the Defendants each hereby acknowledge that the foregoing waiver of the provisions of Section 1542 of the California Civil Code and all similar provisions of the statutory or common law of any other State, Territory, or other jurisdiction was separately bargained for and that neither Named Plaintiffs, on the one hand, nor the Defendants, on the other, would enter into this Settlement Agreement unless it included a broad release of unknown claims. Named Plaintiffs, on their own behalf and on behalf of all members of the Settlement Class and on behalf of the Plans, and the Defendants each expressly agree that all release provisions in this Settlement Agreement shall be given full force and effect in accordance with each and all of their express terms and provisions, including those terms and provisions relating to unknown, unsuspected, and future claims, demands, and causes of action. Named Plaintiffs assume for themselves, and on behalf of the Settlement Class and on behalf of the Plans, and the Defendants assume for themselves, the risk of his, her or its respective subsequent discovery of understanding of any matter, fact, or law, that if now known or understood, would in any respect have affected his, her, or its entering into this Settlement Agreement.

3.5. Claims Not Released.

3.5.1 The releases set forth in Sections 3.1, 3.2, 3.3, and 3.4 (the “Releases”) are not intended to include the release of any rights or duties arising out of this Settlement Agreement, including the express warranties and covenants in this Settlement Agreement; provided, however, that Defendants shall have no responsibility whatsoever with respect to the method and manner of allocation or distribution of the Settlement Fund.

3.5.2 Notwithstanding the foregoing Releases, nothing in this Settlement Agreement shall release, bar, waive, or otherwise affect any claim that has been asserted, directly or derivatively, by or on behalf of any Named Plaintiff, any member of the Settlement Class, the Plans, or any of the Defendants in the federal securities litigation, *In re AIG Securities Litigation*, Case No. 04-CV-8141 (JES) (AJP), in the United States District Court for the Southern District of New York, or in the derivative litigation, *In re AIG Derivative Litigation*, Case No. 04-CV-8406 (JES) (AJP), in the United States District Court for the Southern District of New York (collectively, the “Securities/Derivative Actions”), or any defenses thereto by any of the Defendants; provided, however, that this Section 3.5 shall not be construed to permit any Named Plaintiff, any member of the Settlement Class, or the Plans to recover more than one hundred percent of his, her, its or their losses, under the Securities/Derivative Actions and ERISA Action. The Parties agree that the question of the extent, if any, to which the Settlement Fund (or any portion thereof allocated to each member of the Settlement Class pursuant to the Plan of Allocation) constitutes a reduction in the amount of any claim asserted by or on behalf of any person in the Securities/Derivative Actions, is to be determined in the Securities/Derivative Actions, and the Parties reserve all rights with respect to positions they may take on that question in such actions. The settlement and dismissal of the Action shall not release, bar or waive any ERISA section 502(a)(1)(B) claim for vested benefits by any Plan participant or beneficiary where such claims are unrelated to any matter asserted in this Action. Nothing in this Section 3.5.2 is intended or should be construed to modify the scope of the releases among the Defendants as set forth in Section 3.3 hereof.

4. COVENANTS

4.1. Covenants Not to Sue.

4.1.1. Named Plaintiffs covenant and agree on their own behalf, and on behalf of the Settlement Class and on behalf of the Plans: (i) not to commence or assert against any Released Party any action or claim based on or arising from any Released Claim; and (ii) that the foregoing covenants and agreements shall be a complete defense to any such claims against any of the respective Released Parties.

4.1.2. Defendants covenant and agree: (i) not to assert against any Plaintiff or any other Defendant any claim released under Section 3.3 or Section 3.4; and (ii) that the foregoing covenants and agreements shall be a complete defense to any such claims against any of the respective Plaintiffs or Defendants.

4.2. Taxation of Settlement Fund. Named Plaintiffs acknowledge on their own behalf, and on behalf of the Settlement Class and on behalf of the Plans, that the Released Parties and Insurers have no responsibility for any taxes due on funds once deposited in the Settlement Fund Account or that the Named Plaintiffs or Plaintiffs' Counsel receive from the Settlement Fund, should any be awarded pursuant to Article 10 hereof. Nothing herein shall constitute an admission or representation that any taxes will or will not be due on the Settlement Fund.

5. REPRESENTATIONS AND WARRANTIES

5.1. Named Plaintiffs' Representations and Warranties.

5.1.1. Named Plaintiffs represent and warrant that they have not assigned or otherwise transferred any interest in any Released Claims against any Released Party, and further covenant that they will not assign or otherwise transfer any interest in any Released Claims.

5.1.2. Pursuant to Articles 3 and 4, Named Plaintiffs represent and warrant that they shall have no surviving claim or cause of action against any of the Released Parties with respect to the Released Claims.

5.2. Parties' Representations and Warranties. The Parties, and each of them, represent and warrant:

5.2.1. That they are voluntarily entering into this Settlement Agreement as a result of arm's-length negotiations among Plaintiffs' Counsel and counsel for the AIG Defendants, with the assistance and recommendation of the mediator, the Honorable Layn R. Phillips; that in executing this Settlement Agreement they are relying solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own independently selected counsel, concerning the nature, extent and duration of their rights and claims hereunder and regarding all matters which relate in any way to the subject matter hereof; and that, except as provided herein, they have not been influenced to any extent whatsoever in executing this Settlement Agreement by any representations, statements or omissions pertaining

to any of the foregoing matters by any party or by any Person representing any party to this Settlement Agreement. Each of the Parties assumes the risk of mistake as to facts or law; and

5.2.2. That they have carefully read the contents of this Settlement Agreement, and this Settlement Agreement is signed freely by each Person executing this Settlement Agreement on behalf of each of the Parties. The Parties, and each of them, further represent and warrant to each other that he, she, or it has made such investigation of the facts pertaining to the Settlement, this Settlement Agreement and all of the matters pertaining thereto, as he, she, or it deems necessary.

5.3. Signatories' Representations and Warranties. Each individual executing this Settlement Agreement on behalf of any other Person does hereby personally represent and warrant to the other Parties that he or she has the authority to execute this Settlement Agreement on behalf of, and fully bind, each principal whom such individual represents or purports to represent.

6. NO ADMISSION OF LIABILITY

The Parties understand and agree that this Settlement Agreement embodies a compromise settlement of disputed claims, and that nothing in this Settlement Agreement, including the furnishing of consideration for this Settlement Agreement, shall be deemed to constitute any finding of fiduciary status under ERISA or wrongdoing by any of the Defendants, or give rise to any inference of fiduciary status under ERISA or wrongdoing or admission of wrongdoing or liability in this or any other proceeding. This Settlement Agreement and the payments made hereunder are made in compromise of disputed claims and are not admissions of any liability of any kind, whether legal or factual. Defendants expressly deny any liability or wrongdoing with respect to the matters alleged in the Complaint. Neither the fact nor the terms of this Settlement Agreement shall be offered or received in evidence in any action or proceeding for any purpose, except: (i) in an action or proceeding arising under this Settlement Agreement or arising out of or relating to the Preliminary Approval Order or the Final Order; (ii) in an action or proceeding where the Releases provided pursuant to this Settlement Agreement may serve as a bar to recovery; or (iii) for purposes of determining a remedy in the Securities/Derivative Actions, but not with respect to any determination of liability in those actions.

7. THE SETTLEMENT FUND AND DELIVERIES INTO THE SETTLEMENT FUND

7.1. The Settlement Fund.

7.1.1. Prior to the entry of the Preliminary Approval Order, Plaintiffs' Counsel shall establish at a financial institution (the "Financial Institution") acceptable to counsel for the Defendants and the Insurers, a settlement fund account ("Settlement Fund Account") which is an interest-bearing account and considered a common fund created as a result of the Action. Plaintiffs' Counsel shall provide to the Insurers and Defendants: (i) written notification of the date of establishment of the Settlement Fund Account; (ii) written notification of the following information regarding the Financial Institution and the Settlement Fund Account: bank name, bank address, ABA number, account number, account name, and taxpayer identification number;

and (iii) any additional information needed to deposit the Cash Amount into the Settlement Fund Account. Plaintiffs' Counsel shall direct the Financial Institution to make distributions by wire transfer or check from the Settlement Fund only in strict accordance with the Settlement Agreement and Court Orders. No other disbursements may be authorized by Plaintiffs' Counsel.

7.1.2. No later than fifteen (15) calendar days after entry of the Preliminary Approval Order, the Company shall cause the Insurers to put the Cash Amount into the Settlement Fund Account. The Cash Amount, together with interest earned thereon, shall constitute the "Settlement Fund." Termination shall render the settlement null and void, with the Parties reserving all rights and returning to their respective positions on the day immediately before the Agreement Execution Date, including with respect to class certification. If the Independent Fiduciary or the Court fails to finally approve the settlement, or if the settlement terminates or fails for any reason, all of the money held in the Settlement Fund Account, together with the interest earned thereon, shall be returned promptly to the Insurers and the Parties will return to their respective positions on the day immediately before the Agreement Execution Date. The only deductions from the amount returned to the Insurers shall be the expenses associated with class notice and any costs incurred in connection with the administration of the Settlement Fund, including but not limited to any related taxes, accounting, or fees associated with establishing and maintaining the Settlement Fund Account. Under no circumstances shall the Insurers or Defendants be responsible for any payments, costs or fees whatsoever under this paragraph or the settlement beyond their respective obligations to cause the Cash Amount to be deposited in the Settlement Fund Account and as provided in Sections 2.2 and 2.3 above.

7.1.3. The Settlement Fund shall be structured and managed by Plaintiffs to qualify as a Qualified Settlement Fund under Section 468B of the Internal Revenue Code and provide reports to Plaintiffs' Counsel for tax purposes. It is intended that the Settlement Fund be structured and administered to preserve, to the maximum degree possible, the tax benefits associated with ERISA-qualified plans. The Parties shall not take a position in any filing or before any tax authority inconsistent with such treatment. All taxes on the income of the Qualified Settlement Fund and tax-related expenses incurred in connection with the taxation of the Qualified Settlement Fund shall be the responsibility of Plaintiffs and shall be paid out of the Qualified Settlement Fund. Plaintiffs' Counsel shall have signature authority over the Settlement Fund Account, and shall direct the Financial Institution to pay from the Settlement Fund the reasonable cost of administering the Settlement Fund without further order of the Court, which expenses shall include: (i) expenses associated with the preparation and filing of all tax reports and tax returns required to be filed by the Settlement Fund; (ii) payment of any taxes owed by the Settlement Fund; (iii) expenses associated with the preparation and issuance of any required Forms 1099 associated with payments from the Settlement Fund; (iv) fees charged and expenses incurred by the Financial Institution associated with administration of the Settlement Fund; and (v) reasonable costs incurred by Plaintiffs' Counsel in preparing and mailing notice and any supplemental notice to the Settlement Class in an amount not to exceed \$200,000, with any additional costs of the Class Notice to be paid only after Court approval and due notice to Defendants. Plaintiffs' Counsel may instruct the Financial Institution to reserve any portion of the Settlement Fund for the purpose of satisfying future or contingent expenses or obligations, including expenses of Settlement Fund administration or any disbursement provided under the terms of this Settlement Agreement. The Defendants take no position, directly or indirectly, with

respect to such matters. The Parties acknowledge and agree that the Defendants shall have no authority, control, or liability in connection with the design, management, administration, investment, maintenance, or control of the Settlement Fund, or for any expenses the Settlement Fund may incur or for any taxes that may be payable by the Settlement Fund or for any distributee therefrom.

7.2. The Cash Amount. In consideration of, and expressly in exchange for, all of the promises and agreements set forth in this Settlement Agreement, there shall be deposited by the Insurers on behalf of the Defendants the sum of twenty-four million, two hundred thousand dollars (\$24,200,000) (the "Cash Amount"), into the Settlement Fund Account via wire transfer or check within the period provided in Section 7.1.

7.3. Sole Monetary Contribution. The Cash Amount shall constitute a non-recourse settlement amount, and it shall be the full and sole monetary contribution made by or on behalf of the Defendants in connection with the Settlement effected between Named Plaintiffs and the Defendants under this Settlement Agreement. In no circumstance shall the Individual Defendants have any personal obligation to fund any or all of the Cash Amount. AIG represents that it has entered into written agreements with the Insurers concerning the funding of the Cash Amount on behalf of the Defendants. The Cash Amount specifically covers any claims for costs and attorneys' fees by Named Plaintiffs, on their behalf or on behalf of the Settlement Class, as well as any costs or expenses of the class action notice. Except as set forth in Section 8.2 below or as otherwise specified in this Settlement Agreement, the Parties shall bear their own costs and expenses (including attorneys' fees) in connection with effectuating the Settlement and securing all necessary court orders and approvals with respect to the same.

8. PAYMENTS FROM THE SETTLEMENT FUND

8.1. Expenses of Class Notice. The Plaintiffs' Counsel may direct the Financial Institution in writing, without notice to the Defendants or further order of the Court, to disburse from the Settlement Fund an amount for the payment of reasonable costs of the Class Notice not to exceed \$200,000. If Plaintiffs' Counsel wish to have additional costs of the Class Notice paid from the Settlement Fund before the Settlement becomes Final, Plaintiffs' Counsel shall seek approval from the Court upon due notice to the Defendants. If the Settlement Agreement is terminated for any reason or if any condition stated in Article 2 above is not satisfied or waived, no Person shall have an obligation to reimburse to the Settlement Fund the costs of the Class Notice, or other costs or expenses of the Settlement Fund charged to the Settlement Fund in accordance with this paragraph 8.1.

8.2. Disbursements from the Settlement Fund. Except as provided in Section 7.1.2, Section 8.1 or in Article 9 below, no distribution of any part or all of the Settlement Fund shall be paid from the Settlement Fund until the Financial Institution has received (a) a joint notice signed by Plaintiffs' Counsel and by counsel for the Defendants, or (b) a Court order directing that the Settlement Fund be disbursed and designating the appropriate recipient. When the conditions stated in (a) or (b) have been satisfied, Plaintiffs' Counsel may direct the Financial Institution to disburse money from the Settlement Fund as provided in Section 10.2 and for purposes of the Plan of Allocation as provided below in this Section 8.2. The Plan of Allocation

shall be prepared by Plaintiffs' Counsel and submitted to the Court for approval in connection with final approval of the Settlement, and shall provide for the allocation of the Settlement Fund net of the disbursements called for in Sections 7.1.2, 8.1 and 10.2 ("Net Proceeds"). On or after the Effective Date of Settlement, Plaintiffs' Counsel shall direct the Financial Institution to disburse the Net Proceeds to the Master Trust for the Plans for distribution by the Plans' trustee in accordance with the Plan of Allocation. The Defendants shall direct the Plans' trustee to distribute the Net Proceeds received by the Master Trust for the Plans in accordance with the Plan of Allocation. Defendants shall have no responsibility for structuring the content of the Plan of Allocation, but will have the right to review it for feasibility and cost of implementation before presentation to the Court. Costs of implementation of the Plan of Allocation shall be paid from the Settlement Fund. However, Defendants and their counsel shall not be reimbursed for any work they do to implement the Plan of Allocation. Nothing herein shall constitute approval or disapproval of the Plan of Allocation by the Defendants, and the Defendants shall have no responsibility or liability for or in connection with the Plan of Allocation and shall take no position for or against the Plan of Allocation.

9. TERMINATION OF THE SETTLEMENT AGREEMENT

9.1. Termination. Automatic termination of this Settlement Agreement will occur under the following circumstances:

9.1.1. If the Court declines to approve the Settlement, or if the approval of the Settlement is reversed on appeal, and if the order or mandate declining or reversing approval has become Final, then this Settlement Agreement shall automatically terminate thirty (30) days after such order or mandate becomes Final.

9.1.2. If (i) the Court enters an order modifying the economic terms of this Settlement Agreement or materially modifying any term of the Final Order, and (ii) within twenty (20) days after the date of any such ruling, or, within twenty (20) days after the date of the Court's order following a motion for reconsideration of any such ruling, whichever is later, the Party detrimentally affected by the modification(s) declines to waive its objections to the modifications, then this Settlement Agreement shall automatically terminate on the twentieth (20th) day after issuance of the order referenced in this Section 9.1.2.

9.1.3. If any or all of the conditions of Article 2 of this Settlement Agreement are not satisfied in accordance with their terms and on the timetables set forth in that Article, then this Settlement Agreement shall terminate thirty (30) days after the deadline set forth in Article 2 has passed. Notwithstanding the foregoing, the Settlement Agreement is not subject to termination solely as a result of a decision or order of the Court concerning an award of attorneys' fees or expenses or case contribution or award.

9.2. Consequences of Termination of the Settlement Agreement. If the Settlement Agreement is terminated for any reason specified in Section 9.1, the following shall occur:

9.2.1. The Settlement Agreement and the Settlement shall be deemed void and of no further force and effect. Notwithstanding the foregoing, the following provisions of this

Settlement Agreement shall remain in effect and shall survive the termination of the Settlement Agreement: the last two sentences of Section 2.1 (Class Certification for Purposes of Settlement); Section 4.2 (Taxation of Settlement Fund); Section 5.2 (Parties' Representations and Warranties); Section 5.3 (Signatories' Representations and Warranties); Section 6 (No Admission of Liability); Section 7.1 (Settlement Fund); and this Section 9 (Termination of the Settlement Agreement).

9.2.2. Plaintiffs' Counsel shall within ten (10) days after the date of termination of the Settlement Agreement notify the Financial Institution in writing to return to the Insurers the amount contributed by the Insurers to the Settlement Fund, with all net income earned thereon, after deduction of the amount earlier disbursed or owed for the Class Notice, the expenses charged by the Financial Institution, and any expense of the Settlement Fund disbursed or owed pursuant to Articles 7 or 8, directing the Financial Institution to effect such return within ten (10) days.

9.2.3. The Action shall for all purposes with respect to the Parties revert to its status as of the day immediately before the Agreement Execution Date, including a lifting of any stay of the Action.

10. ATTORNEYS' FEES AND EXPENSES

10.1. Application for Attorneys' Fees and Expenses. Plaintiffs' Counsel may apply to the Court for an award to Plaintiffs' Counsel of attorneys' fees in an amount not to exceed thirty percent (30%) of the Settlement Fund, and for reimbursement of costs and expenses, to be paid from the Settlement Fund. The Defendants will not take any position on Plaintiffs' Counsel's application for fees, costs, or reimbursement of expenses. The Defendants do not agree or concede that the amount of attorneys' fees, costs and expenses that may be sought by Plaintiffs' Counsel is appropriate or reasonable, but simply take no position; moreover, nothing in this Settlement Agreement shall be construed otherwise. The Parties acknowledge and agree that the Defendants shall have no authority, control, or liability in connection with the Plaintiffs' Counsel's attorneys' fees, costs, and expenses.

10.2. Plaintiffs' Counsel may apply to the Court for a case contribution award for the Named Plaintiffs in an amount not to exceed five thousand dollars (\$5,000) each, payable solely from the Settlement Fund, and the Named Plaintiffs shall be entitled to receive such compensation from the Settlement Fund to the extent awarded by the Court.

10.3. Disbursement of Attorneys' Fees and Expenses and Named Plaintiffs' case contribution award. Upon the later of (i) entry of an order by the Court awarding payment of attorneys' fees and expenses from the Settlement Fund and/or payment of Named Plaintiffs' case contribution award from the Settlement Fund, and (ii) the Effective Date of Settlement, Plaintiffs' Counsel may instruct the Financial Institution in writing to disburse such payments from the Settlement Fund. If at the time of any disbursement from the Settlement Fund pursuant to Article 8 there shall be a pending application for attorneys' fees or expenses or Named Plaintiffs' case contribution award, there shall be reserved in the Settlement Fund an amount

equal to the amount of the pending application, until such time as the Court shall rule upon such application and such ruling shall become Final.

11. MISCELLANEOUS PROVISIONS

11.1. Governing Law. This Settlement Agreement shall be governed by the laws of the State of New York without giving effect to the conflict of laws or choice of law provisions thereof, except to the extent that the law of the United States governs any matter set forth herein, in which case such federal law shall govern.

11.2. Return of Materials. Except for attorney notes, pleadings, transcripts, and other court submissions and exhibits thereto, each Party that received confidential material, including confidential material contained in formal and informal discovery, including, but limited to information about the Plans' investment in AIG stock and information provided for purposes of settlement, and all other confidential material, from an opposing Party in the course of litigating this Action shall, within thirty (30) days after the Effective Date of Settlement, at the opposing Party's option, either: (i) return all such materials in its custody or control, including in the possession of consultants of the opposing Party, to the producing Party; or (ii) certify that all such materials in its custody or control, including in the possession of consultants of the opposing Party, have been destroyed; provided that if a Party requests the physical return of its materials, that Party shall reimburse the returning Party for its reasonable costs of assembling and shipping such materials. Any documents or other material hosted on Merrill Lextranet, pursuant to the Parties' prior agreement, are not deemed to be within a Party's possession, custody or control for purposes of this subsection, and need not be returned or destroyed, except for any documents or materials physically printed or reproduced from such medium by such Party.

11.3. Severability. The provisions of this Settlement Agreement are not severable.

11.4. Amendment. Before entry of the Final Order, the Settlement Agreement may be modified or amended only by written agreement signed by or on behalf of all Parties. Following entry of the Final Order, the Settlement Agreement may be modified or amended only by written agreement signed on behalf of all Parties, and approved by the Court.

11.5. Waiver. The provisions of this Settlement Agreement may be waived only by an instrument in writing executed by the waiving party. The waiver by any party of any breach of this Settlement Agreement shall not be deemed to be or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, of this Settlement Agreement.

11.6. Construction. None of the Parties hereto shall be considered to be the drafter of this Settlement Agreement or any provision hereof for the purpose of any statute, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof.

11.7. Principles of Interpretation. The following principles of interpretation apply to this Settlement Agreement.

11.7.1. Headings. The headings of this Settlement Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Settlement Agreement.

11.7.2. Singular and Plural. Definitions apply to the singular and plural forms of each term defined.

11.7.3. Gender. Definitions apply to the masculine, feminine, and neuter genders of each term defined.

11.7.4. References to a Person. References to a Person are also to the Person's permitted successors and assigns.

11.7.5. Terms of Inclusion. Whenever the words "include," "includes" or "including" are used in this Settlement Agreement, they shall not be limiting but rather shall be deemed to be followed by the words "without limitation."

11.8. Further Assurances. Each of the Parties agrees, without further consideration and as part of finalizing the Settlement hereunder, that they will in good faith execute and deliver such other documents and take such other actions as may be necessary to consummate and effectuate the subject matter and purpose of this Settlement Agreement.

11.9. Survival. All representations, warranties and covenants set forth in this Settlement Agreement (including Section 6 hereof) shall be deemed continuing and shall survive the Effective Date of Settlement.

11.10. Notices. Any notice, demand or other communication under this Settlement Agreement (other than the Class Notice, or other notices given at the direction of the Court) shall be in writing and shall be deemed duly given upon receipt if it is addressed to each of the intended recipients as set forth below and personally delivered, sent by registered or certified mail (postage prepaid), sent by confirmed facsimile, or delivered by reputable express overnight courier:

IF TO NAMED PLAINTIFFS:

Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P
1201 Third Avenue, Suite 3200
Seattle, WA 98101
Fax: (206) 623-3384

Marian P. Rosner
WOLF POPPER LLP
845 Third Avenue
New York, New York 10022

Fax: (212) 486-2093

Robert I. Harwood
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022
Fax: (212) 753-3630

Lee Squitieri
SQUITIERI & FEARON LLP
32 East 57th Street, 12th Floor
New York, NY 10022
Fax: (212) 421-6553

IF TO AIG DEFENDANTS:

Lewis R. Clayton
PAUL, WEISS, RIFKIND, WHARTON, & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Fax: (212) 757-3990

IF TO DEFENDANT MAURICE R. GREENBERG:

Steven I. Froot
BOIES, SCHILLER & FLEXNER LLP
575 Lexington Avenue
New York, NY 10022

IF TO DEFENDANT DONALD P. KANAK:

Dennis P. Orr
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104
Fax: (212) 468-7900

IF TO DEFENDANT HOWARD I. SMITH:

Vincent A. Sama
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Fax: (212) 294-4700

IF TO DEFENDANT MARTIN J. SULLIVAN:

David M. Murphy
WACHTELL LIPTON ROSEN & KATZ
51 West 52nd Street
New York, NY 10019
Fax: (212) 403-2000

Any Party may change the address at which it is to receive notice by written notice delivered to the other Parties in the manner described above.

11.11. Entire Agreement. This Settlement Agreement contains the entire agreement among the Parties relating to this Settlement. It specifically supersedes any settlement terms or Settlement Agreements relating to the Defendants that were previously agreed upon orally or in writing by any of the Parties.

11.12. Counterparts. This Settlement Agreement may be executed by exchange of faxed or electronically transmitted (.pdf) executed signature pages, and any signature transmitted by facsimile or .pdf for the purpose of executing this Settlement Agreement shall be deemed an original signature for purposes of this Settlement Agreement. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

11.13. Binding Effect. This Settlement Agreement binds and inures to the benefit of the Parties hereto, their assigns, heirs, administrators, executors and successors.

11.14. Agreement Execution Date. The date on which the final signature is affixed below shall be the Agreement Execution Date.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the dates set forth below.

FOR PLAINTIFFS:

Dated: _____

By: _____

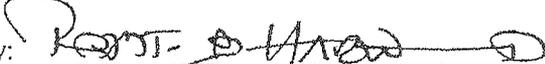
Marian Rosner
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022

Dated: _____

By: _____

Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101

Dated: 16 June 2008

By: 

Robert I. Harwood
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022

Dated: 6.16.08

By: 

Lee Squitieri
SQUITIERI & FEARON, LLP
32 East 57th Street, 12th Floor
New York, NY 10022

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the dates set forth below.

FOR PLAINTIFFS:

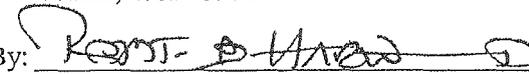
Dated: 6/16/08

By: 
Marian Rosner
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022

Dated: _____

By: _____
Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101

Dated: 16 June 2008

By: 
Robert I. Harwood
HARWOOD FEEFFER LLP
488 Madison Avenue
New York, NY 10022

Dated: _____

By: _____
Lee Squitieri
SQUITIERI & FEARON, LLP
32 East 57th Street, 12th Floor
New York, NY 10022

FOR DEFENDANTS:

Dated: 6/18/08

By: 
Lewis R. Clayton
PAUL, WEISS, RIFKIND, WHARTON &
GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019

Paul J. Ondrasik
STEPTOE & JOHNSON LLP
1330 Connecticut Ave., NW
Washington, DC 20036

Counsel for Defendants: American
International Group, Inc., Richard A. Grosiak,
Axel Freudmann, Patricia Cameron, Robert
Cole, Gustavo Covacevich, Marion Fajen,
Georgia Feigel, Anthony Galioto, John Keogh,
Ronald Latz, David Pinkerton, Charles
Schader, Gary Reddick, Kathleen Shannon,
Nicholas Tyler, Patricia McCann, Timothy
Hayes, and John and Jane Does 1-40

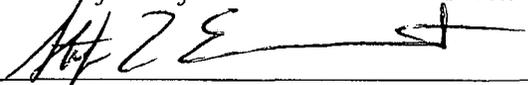
Dated: 6-17-08

By: 
Nicholas A. Gravante Jr.
Steven I. Froot
BOIES, SCHILLER & FLEXNER LLP
575 Lexington Avenue
New York, NY 10022

Robert G. Morvillo
MORVILLO, ABRAMOWITZ, GRAND,
IASON, ANELLO & BOHRER, P.C.
565 5th Avenue
New York, NY 10017

John L. Gardiner
Steven J. Kolleeny
SKADDEN, ARPS, SLATE, MEAGHER, &
FLOM LLP
Four Times Square
New York, NY 10036

Dated: June 17, 2008

By: 

Dennis P. Orr
Stefen W. Englehardt
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104

Counsel for Defendant Maurice R. Greenberg

Dated: _____

By: _____

Vincent A. Sama
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166

Andrew M. Lawler
ANDREW M. LAWLER, P.C.
641 Lexington Avenue, 27th Floor
New York, NY 10022

Counsel for Defendant Donald P. Kanak

Dated: _____

By: _____

David M. Murphy
Meredith L. Turner
WACHTELL LIPTON ROSEN & KATZ
51 West 52nd Street
New York, NY 10019

Counsel for Defendant Howard I. Smith

Counsel for Defendant Maurice R. Greenberg

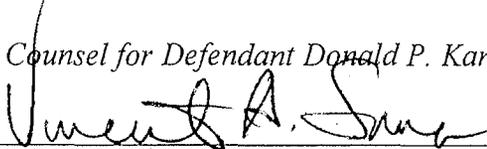
Dated: _____

By: _____

Dennis P. Orr
Stefen W. Englehardt
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104

Counsel for Defendant Donald P. Kanak

Dated: June 17, 2008

By: 

Vincent A. Sama
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166

Andrew M. Lawler
ANDREW M. LAWLER, P.C.
641 Lexington Avenue, 27th Floor
New York, NY 10022

Counsel for Defendant Howard I. Smith

Dated: _____

By: _____

David M. Murphy
Meredith L. Turner
WACHTELL LIPTON ROSEN & KATZ
51 West 52nd Street
New York, NY 10019

Counsel for Defendant Martin J. Sullivan

Counsel for Defendant Maurice R. Greenberg

Dated: _____

By: _____

Dennis P. Orr
Stefen W. Englehardt
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104

Counsel for Defendant Donald P. Kanak

Dated: _____

By: _____

Vincent A. Sama
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166

Andrew M. Lawler
ANDREW M. LAWLER, P.C.
641 Lexington Avenue, 27th Floor
New York, NY 10022

Counsel for Defendant Howard I. Smith

Dated: 6/17/08

By: 

David M. Murphy
Meredith L. Turner
WACHTELL LIPTON ROSEN & KATZ
51 West 52nd Street
New York, NY 10019

Counsel for Defendant Martin J. Sullivan

EXHIBITS TO THE SETTLEMENT AGREEMENT

- Exhibit 1: Preliminary Approval Order
Exhibit A to the Preliminary Approval Order: Class Notice
Exhibit B to the Preliminary Approval Order: Summary Notice
- Exhibit 2: Final Order

EXHIBIT 1

to

CLASS ACTION SETTLEMENT AGREEMENT

(Preliminary Approval Order)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

**ORDER PRELIMINARILY APPROVING SETTLEMENT AND
CONFIRMING FINAL SETTLEMENT HEARING**

This litigation involves claims for alleged violations of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001, et seq. (“ERISA”), with respect to the AIG Incentive Savings Plan, the American General Employees’ Thrift and Incentive Plan, the American General Agents’ and Managers’ Thrift Plan, and the CommoLoCo Thrift Plan (the “Plans”).¹

Presented to the Court for preliminary approval is a settlement of the litigation as against all Defendants. The terms of the Settlement are set out in a Class Action Settlement Agreement (the “Settlement Agreement”), executed by counsel on June 18, 2008 on behalf of the Parties.

On June 20, 2008, Plaintiffs filed their Motion for Preliminary Approval of the Settlement, which the Court has considered the Settlement to determine, among other things,

¹ Capitalized terms not otherwise defined in this order shall have the same meaning as ascribed to them in the Settlement Agreement.

whether to certify a class and whether the Settlement is sufficient to warrant the issuance of notice to members of the Settlement Class. Upon reviewing the Settlement Agreement, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

1. Class Findings. The Court preliminarily finds that the requirements of the Federal Rules of Civil Procedure, the United States Constitution, the Rules of the Court and any other applicable law have been met as to the “Settlement Class” defined below, in that:

(a) The Court preliminarily finds that the Settlement Class is ascertainable from records kept with respect to the Plans and from other objective criteria, and the members of the Settlement Class are so numerous that their joinder before the Court would be impracticable. Rule 23(a)(1) is satisfied.

(b) The Court preliminarily finds that there are one or more questions of fact and/or law common to the Settlement Class. Rule 23(a)(2) is satisfied.

(c) The Court preliminarily finds that the Named Plaintiffs’ claims are typical of the claims of the Settlement Class. Rule 23(a)(3) is satisfied.

(d) The Court preliminarily finds that the Named Plaintiffs will fairly and adequately protect the interests of the Settlement Class in that: (i) the Named Plaintiffs’ interests and the nature of claims alleged are consistent with those of the members of the Settlement Class; (ii) there appear to be no conflicts between or among the Named Plaintiffs and the Settlement Class; and (iii) the Named Plaintiffs and the members of the Settlement Class are represented by qualified, reputable counsel who are experienced in preparing and prosecuting large, complicated ERISA class actions. Rule 23(a)(4) is satisfied.

(e) The Court preliminarily finds that the prosecution of separate actions by individual members of the Settlement Class would create a risk of: (i) inconsistent or

varying adjudications as to individual class members that would establish incompatible standards of conduct for Defendants; or (ii) adjudications as to individual class members that would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications, or substantially impair or impede those persons' ability to protect their interests. Rule 23(b)(1) is satisfied.

(f) The Court preliminarily finds that Defendants have acted or refused to act on grounds generally applicable to the Settlement Class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the Settlement Class as a whole. Rule 23(b)(2) is satisfied.

(g) The Court preliminarily finds that Keller Rohrback L.L.P., Wolf Popper LLP, Harwood Feffer LLP, and Squitieri & Fearon, LLP ("Class Counsel") are capable of fairly and adequately representing the interests of the Settlement Class. Class Counsel have done extensive work identifying or investigating potential claims in the action, and have litigated the validity of those claims at the motion to dismiss stage of this case. Class Counsel are experienced in handling class actions, other complex litigation, and claims of the type asserted in the Action. Class Counsel are knowledgeable of the applicable law, and Class Counsel have committed the necessary resources to represent the Settlement Class. Rule 23(g) is satisfied.

2. Class Certification. Based on the findings set forth above, the Court preliminarily certifies the following class under Fed. R. Civ. P. 23(b)(1) and/or (2) and 23(e) in this litigation (the "Settlement Class"):

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005;

or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

The Court conditionally appoints the Named Plaintiffs as the class representatives for the Settlement Class, and Keller Rohrback L.L.P., Wolf Popper LLP, Harwood Feffer LLP, and Squitieri & Fearon. LLP as Class Counsel for the Settlement Class.

3. Preliminary Findings Regarding Proposed Settlement. The Court preliminarily finds that: (a) the proposed Settlement resulted from informed, extensive arm's-length negotiations and a mediation before the Honorable Layn R. Phillips; (b) Class Counsel has concluded that the proposed Settlement is fair, reasonable, and adequate; and (c) the proposed Settlement is sufficiently fair, reasonable, and adequate to warrant sending notice of the Settlement to the Settlement Class.

4. Fairness Hearing. A hearing is scheduled for October 7, 2008 (the "Fairness Hearing") to determine, among other things:

(a) Whether the Settlement should be approved as fair, reasonable, and adequate;

(b) Whether the Complaint should be dismissed with prejudice pursuant to the terms of the Settlement;

(c) Whether the Class Notice provided for by the Settlement Agreement: (i) constituted the best practicable notice; (ii) constituted notice that was reasonably

calculated, under the circumstances, to apprise members of the Settlement Class of the pendency of the litigation, their right to object to the Settlement, and their right to appear at the Fairness Hearing; (iii) was reasonable and constituted due, adequate, and sufficient notice to all persons entitled to notice; and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, and any other applicable law;

(d) Whether Class Counsel adequately represented the Settlement Class for purposes of entering into and implementing the Settlement Agreement;

(e) Whether the application for attorneys' fees and expenses filed by Class Counsel should be approved; and

(f) Whether the application for case contribution awards for the Named Plaintiffs should be approved.

5. Class Notice. A proposed form of Class Notice is attached hereto as Exhibit A. With respect to such form of Class Notice, the Court finds that such form fairly and adequately: (a) describes the terms and effect of the Settlement Agreement and of the Settlement; (b) notifies the Settlement Class concerning the proposed Plan of Allocation; (c) notifies the Settlement Class that Class Counsel will seek a case contribution award from the Settlement Fund for the Named Plaintiffs in an amount not to exceed \$5,000, for attorneys' fees and expenses not to exceed 30% of the Settlement Amount, and reimbursement of out-of-pocket expenses; (d) gives notice to the Settlement Class of the time and place of the Fairness Hearing; and (e) describes how the recipients of the Class Notice may object to any of the relief requested.

The Court directs that Class Counsel shall:

(a) By no later than forty-five (45) days before the Fairness Hearing, cause the Class Notice, with such non-substantive modifications thereto as may be agreed upon

by the Parties, to be sent to each Person within the Settlement Class who can be identified by Defendants with reasonable effort. Such notice shall be sent either by e-mail or first-class mail, postage prepaid, to the Person's last known address. Defendants shall provide names and last known addresses of the Class members, to the extent reasonably available, in electronic format at least twenty-one (21) days prior to the deadline for mailing notice.

(b) By no later than forty-five (45) days before the Fairness Hearing, cause the Class Notice to be published on each website identified in the Class Notice.

(c) By no later than forty-five (45) days before the Fairness Hearing, cause a summary notice in the form attached hereto as Exhibit B, with such non-substantive modifications thereto as may be agreed upon by the Parties, to be published on at least one occasion in *The Wall Street Journal* (National Edition).

At or before the Fairness Hearing, Class Counsel shall file with the Court a proof of timely compliance with the foregoing mailing and publication requirements.

6. Objections to Settlement. Any member of the Settlement Class who wishes to object to the fairness, reasonableness, or adequacy of the Settlement, to the Plan of Allocation, to any term of the Settlement Agreement, to the proposed award of attorneys' fees and expenses, or to any request for a case contribution award for the Named Plaintiffs, may file an Objection. An objector must file with the Court a statement of his, her or its objection(s), specifying the reason(s), if any, for each such objection made, including any legal support and/or evidence that such objector wishes to bring to the Court's attention or introduce in support of such objection. The objector must also mail the objection and all supporting law and/or evidence to Class Counsel and to Defendants' counsel. The addresses for filing objections with the Court and service on counsel are as follows:

To the Court:

Clerk of the Court
United States District Court
Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

Re: In re AIG ERISA Litigation, 04-CV-9387 (JES) (AJP)

To Class Counsel:

Lynn Lincoln Sarko, Esq.
KELLER ROHRBACK L.L.P
1201 Third Avenue, Suite 3200
Seattle, WA 98101
Fax: (206) 623-3384

Marian P. Rosner, Esq.
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022
Fax: (212) 486-2093

Lee Squitieri, Esq.
SQUITIERI & FEARON LLP
32 East 57th Street, 12th Floor
New York, NY 10022
Fax: (212) 421-6553

Robert I. Harwood, Esq.
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022
Fax: (212) 753-3630

To Defendants' Counsel:

Lewis R. Clayton, Esq.
PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019
Fax: (212) 757-3990

Steven I. Froot
BOIES SCHILLER & FLEXNER LLP
570 Lexington Avenue
New York, NY 10022
Fax: (212) 446-2350

Dennis P. Orr
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104
Fax: (212) 468-7900

Vincent A. Sama
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Fax: (212) 294-4700

David M. Murphy
WACHTELL LIPTON ROSEN & KATZ
51 West 52nd Street
New York, NY 10019
Fax: (212) 403-2000

The objector or his, her or its counsel (if any) must effect service of the objection on counsel listed above and file it with the Court by no later than fourteen (14) days before the date of the Fairness Hearing. If an objector hires an attorney to represent him, her or it for the purposes of making such objection pursuant to this paragraph, the attorney must both effect service of a notice of appearance on counsel listed above and file it with the Court by no later than fourteen (14) days before the date of the Fairness Hearing. Any member of the Settlement Class or other Person who does not timely file and serve a written objection complying with the terms of this paragraph shall be deemed to have waived, and shall be foreclosed from raising, any objection to the Settlement, and any untimely objection shall be barred.

7. Appearance at Fairness Hearing. Any objector who files and serves a timely, written objection in accordance with paragraph 6 above, may also appear at the Fairness

Hearing either in person or through counsel retained at the objector's expense. Objectors or their attorneys intending to appear at the Fairness Hearing must effect service of a notice of intention to appear setting forth, among other things, the name, address, and telephone number of the objector (and, if applicable, the name, address, and telephone number of the objector's attorney) on Class Counsel and on the Defendants' counsel (at the addresses set out above). The objector must also file the notice of intention to appear with the Court by no later than fourteen (14) days before the date of the Fairness Hearing. Any objector who does not timely file and serve a notice of intention to appear in accordance with this paragraph shall not be permitted to appear at the Fairness Hearing, except for good cause shown.

8. Notice Expenses. The expenses of printing and mailing all notices required hereby shall be paid from the Settlement Fund as provided in Section 8.1 of the Settlement Agreement.

9. Service of Papers. Defendants' counsel and Class Counsel shall promptly furnish each other with copies of any and all objections that come into their possession.

10. Termination of Settlement. This Order shall become null and void, and shall be without prejudice to the rights of the parties, all of whom shall be restored to their respective positions existing immediately before this Court entered this Order, if the Settlement is terminated in accordance with the Settlement Agreement. In such event, Section 9 of the Settlement Agreement shall govern the rights of the parties.

11. Use of Order. In the event this Order becomes of no force or effect, it shall not be construed or used as an admission, concession, or declaration by or against the Defendants, the Named Plaintiffs or the Settlement Class.

12. Continuance of Hearing. The Court may continue the Fairness Hearing without further written notice.

SO ORDERED this _____ day of _____, 2008.

Hon. John E. Sprizzo, U.S.D.J.

EXHIBIT A
to

PRELIMINARY APPROVAL ORDER

(Class Notice)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

**NOTICE OF PROPOSED SETTLEMENT OF ERISA CLASS ACTION LITIGATION,
SETTLEMENT FAIRNESS HEARING, AND
MOTION FOR ATTORNEYS' FEES AND
REIMBURSEMENT OF EXPENSES**

Your legal rights might be affected if you are a member of the following class:

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

**PLEASE READ THIS NOTICE CAREFULLY.
A FEDERAL COURT AUTHORIZED THIS NOTICE.
THIS IS NOT A SOLICITATION.
YOU HAVE NOT BEEN SUED.**

This notice ("Notice") advises you of a proposed settlement (the "Settlement") of a consolidated class action lawsuit brought by plaintiffs Margaret B. Amidei, Oscar Saleh, Grace C. Baxter, Linda S. Adams, Christopher Townley, and Terry Phillips (collectively, the "Named Plaintiffs") on behalf of themselves, the Plans (referred to above), and as representatives of the Class against the Defendants who are alleged fiduciaries under the Plans, alleging that they breached their fiduciary duties and violated the Employee Retirement Income Security Act of 1974 ("ERISA").

- 1 -

**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

This Settlement relates to all claims brought under ERISA against American International Group, Inc. (“AIG” or the “Company”) and the following persons named as defendants in the Complaint (defined below): Richard A. Grosiak, Axel I. Freudmann, Patricia Cameron, Robert Cole, Gustavo Covacevich, Marion Fajen, Georgia Feigel, Anthony Galimoto, John Keogh, Ronald Latz, David Pinkerton, Charles Schader, Patricia McCann, Gary Reddick, Kathleen Shannon, Nicholas Tyler, Patricia McCann, and Timothy Hayes (the “AIG Defendants”) and against Maurice R. Greenberg, Howard I. Smith, Martin J. Sullivan, and Donald P. Kanak (the “Director Defendants”) (collectively, the “Defendants”). The Named Plaintiffs and the Defendants are referred to herein as the “Parties.”

The Settlement will provide for a cash payment consisting of \$24,200,000.00 (twenty-four million two hundred thousand dollars), for alleged losses to the Plans to settle the claims against the Defendants, and for a pro rata allocation of this payment (excluding certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys’ fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) to the accounts of members of the Class who had any portion of their Plan accounts invested in AIG stock during the Class Period. The distributions will be made in proportion to the loss in value of AIG stock sustained by members of the Class during the Class Period.

The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and that approval is upheld if there are any appeals. This process is explained in greater detail below.

Identification of Key Terms: This Notice contains summary information with respect to the Settlement. The terms and conditions of the Settlement are set forth in a Class Action Settlement Agreement (the “Settlement Agreement”). The Settlement Agreement, and additional information with respect to this lawsuit and the Settlement, are available at www._____.com. Counsel for the Class: Keller Rohrback L.L.P., 1201 Third Avenue, Suite 3200, Seattle, WA 98101; Wolf Popper LLP, 845 Third Avenue, New York, NY 10022; Squitieri & Fearon, LLP, 32 East 57th Street, 12th Floor, New York, NY 10022; and Harwood Feffer LLP, 488 Madison Avenue, New York, NY 10022 (collectively, “Plaintiffs’ Counsel”), have established a toll-free phone number (1-800-____-____) and email address (_____) if you have questions.

Reasons for the Settlement: The Settlement resolves all claims in the Action against the Defendants for allegedly breaching fiduciary duties and violating ERISA. The Settlement is not, and should not be construed as, an admission of any fault, liability or wrongdoing whatsoever by any of the Defendants, who continue to deny all such claims. The Named Plaintiffs and Plaintiffs’ Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class. The Named Plaintiffs and Plaintiffs’ Counsel believe that the Settlement provides a substantial benefit in the form of \$24,200,000.00 in cash (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorney’s fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation), as compared to the risks, costs and delays of proceeding with this litigation against the Defendants.

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**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

Identification of Plaintiffs' Counsel: Any questions regarding the Settlement should be directed to Plaintiffs' Counsel: Lynn Lincoln Sarko, Keller Rohrback L.L.P., 1201 Third Avenue, Suite 3200, Seattle, WA 98101; Marian P. Rosner, Wolf Popper LLP, 845 Third Avenue, New York, NY 10022; Lee Squitieri, Squitieri & Fearon, LLP, 32 East 57th Street, 12th Floor, New York, NY 10022; or Robert I. Harwood, Harwood Feffer LLP, 488 Madison Avenue, New York, NY 10022. Please do not contact the Court. They will not be able to answer your questions.

PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS TO WHOM THIS NOTICE IS ADDRESSED, THE SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS CASE. IF YOU ARE IN FAVOR OF THE SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU DISAPPROVE, YOU MAY OBJECT TO THE SETTLEMENT PURSUANT TO THE PROCEDURES DESCRIBED BELOW.

ACTIONS YOU MAY TAKE IN THE SETTLEMENT	
NO ACTION IS NECESSARY TO RECEIVE PAYMENT.	<p>If the Settlement is approved by the Court and you are a member of the Class, you do not need to do anything in order to receive a payment. The portion, if any, of the Settlement Fund to be allocated to your Plan account will be calculated as part of the implementation of the Settlement.</p> <p>If you are a current Plan participant, any share of the Settlement Fund to which you are entitled will be deposited into your Plan account. If you are no longer a Plan participant and are entitled to share in the Settlement Fund, a Plan account will be established for you, if necessary, and you will be notified of such account.</p>
YOU CAN OBJECT NO LATER THAN SEPTEMBER 23, 2008.	If you wish to object to any part of the Settlement, you can write to the Court and explain why you do not like the Settlement.
YOU CAN GO TO THE HEARING ON OCTOBER 7, 2008 BY FILING A NOTICE OF INTENTION TO APPEAR NO LATER THAN SEPTEMBER 23, 2008.	If you have submitted a written objection to the Court, you can ask to speak in Court about the fairness of the Settlement.

**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

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This litigation (the “*ERISA Action*”) is a consolidation of a series of cases filed in federal district court. As described in more detail below and in the complaints themselves, the cases concern allegations that Defendants breached fiduciary duties they owed to participants in the *Plans*. Copies of the Consolidated Amended Complaint for Breach of Fiduciary Duty under ERISA (“*Complaint*”) and other documents filed in the *ERISA Action* are available at www._____.com.

**Questions? CALL 1-800-__ - __ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

SUMMARY OF SETTLEMENT

A Settlement Fund will be established in this Action by depositing the Settlement amount of \$24,200,000.00 in an interest bearing account. The Settlement Fund, including any accrued interest (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) will be allocated among the Class members in accordance with the Plan of Allocation to be approved by the Court. (*See* Section 4 below for details of the Plan of Allocation).

As with any litigation, the Parties would face an uncertain outcome if the Action were to continue against the Defendants. Continued litigation of the Action against the Defendants could result in a judgment or verdict greater or less than the recovery under the Settlement Agreement, or in no recovery at all. Moreover, this litigation has been hotly contested from the outset. Indeed, throughout this litigation, the Named Plaintiffs and the Defendants have disagreed on both liability and damages, and they do not agree on the amount that would be recoverable even if the Plaintiffs were to prevail at trial. The Defendants, among other things: (1) have denied, and continue to deny, the material allegations of the Complaint; (2) have denied, and continue to deny, any wrongdoing or liability whatsoever; (3) believe that they acted at all times reasonably and prudently with respect to the Plans, their participants and beneficiaries, and the Settlement Class; (4) would assert certain other defenses if this Settlement is not consummated; and (5) are entering into the Settlement solely to avoid the cost, disruption, and uncertainty of litigation. Nevertheless, the Parties have taken into account the uncertainty and risks inherent in this litigation, particularly its complex nature, and have concluded that it is desirable that the Action be fully and finally settled on the terms and conditions set forth in the Settlement Agreement.

Plaintiffs' Counsel in the Action will apply to the Court for an order awarding Counsel attorneys' fees not in excess of 30% of the amount recovered in the Settlement, plus reimbursement of expenses. The Named Plaintiffs in the Action will share in the allocation of the money paid to the Plans on the same basis and to the same extent as all other members of the Settlement Class, except that, in addition, the Named Plaintiffs may apply to the Court for compensation up to \$5,000 each. Any compensation awarded to the Named Plaintiffs by the Court will be payable from the proceeds of the Settlement.

Plaintiffs' Counsel have established a toll-free phone number (1-800-_____) if you have questions or comments. Plaintiffs' Counsel may also be contacted via email (_____).

1. Why did I get this Notice package?

Either you or someone in your family may have been a participant in or beneficiary of one of the Plans and may have had a portion of your, his, or her Plan account(s) invested in AIG stock during the Class Period. The Court has directed that this Notice be sent to you because, as a potential class

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**Questions? CALL 1-800-__ - __ TOLL FREE, OR VISIT
www._____.com.
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member, you have a right to know about the proposed Settlement with the Defendants before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and all related objections and appeals are favorably resolved, the net amount of the Settlement Fund will be allocated among Class members according to a court-approved Plan of Allocation.

This Notice explains the Action, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how you will receive your portion of the benefits. The purpose of this Notice is to inform you of a hearing (the "Fairness Hearing") to be held by the Court to consider the fairness, reasonableness and adequacy of the proposed Settlement and to consider the application of Plaintiffs' Counsel for their attorneys' fees and reimbursement of litigation expenses as well as an application for case contribution awards to the Named Plaintiffs.

The Fairness Hearing will be held at 3:00 p.m. on October 7, 2008 before the Honorable John E. Sprizzo in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312, to determine:

- (a) Whether the Settlement should be approved as fair, reasonable, and adequate;
- (b) Whether the Complaint should be dismissed with prejudice pursuant to the terms of the Settlement;
- (c) Whether the Class Notice provided for by the Settlement Agreement: (i) constituted the best practicable notice; (ii) constituted notice that was reasonably calculated, under the circumstances, to apprise members of the Settlement Class of the pendency of the litigation, their right to object to the Settlement, and their right to appear at the Fairness Hearing; (iii) was reasonable and constituted due, adequate, and sufficient notice to all persons entitled to notice; and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, and any other applicable law;
- (d) Whether the Class should be certified pursuant to Fed. R. Civ. P. 23(a) & (b) for purposes of the Settlement, and with respect thereto, whether Plaintiffs' Counsel should be appointed as Class Counsel pursuant to Fed. R. Civ. P. 23(g);
- (e) Whether the application for attorneys' fees and expenses filed by Plaintiffs' Counsel should be approved; and
- (f) Whether the application for case contribution awards for the Named Plaintiffs should be approved.

The issuance of this Notice is not an expression of the Court's opinion on the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payment to the Class will be made after all related appeals, if any, are favorably resolved. It is always uncertain whether such appeals can be favorably resolved, and resolving them can take time, perhaps more than a year. Please be patient.

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**Questions? CALL 1-800-___ - ___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

2. How do I know whether I am part of the Settlement?

The Court has certified the Action as a class action. If you: (a) were a participant in or beneficiary of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) your Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s). The "Settlement Class" shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

3. What does the Settlement provide?

A Settlement Fund consisting of \$24,200,000.00 in cash, plus interest, is being established in the Action. The net amount in the Settlement Fund (after payment of, and establishment of reserves for, certain amounts as described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) will be allocated among and paid to members of the Class according to a Plan of Allocation to be approved by the Court. Allocations will be made to accounts established for members of the Class. Disbursement of the Settlement Fund to the Class will occur once the Settlement has become Final – after all appeals relating to the Settlement are favorably decided and all appeal periods have run.

The above description of the operation of the Settlement is only a summary. The governing provisions are set forth in the Settlement Agreement (including its exhibits), which may be obtained at www._____.com.

4. What will be my share of the Settlement Fund?

Your share of the Settlement Fund, if any, will be determined using a methodology that takes into account the value of any investments in AIG stock in your account(s) at the beginning of the Class Period, the value of subsequent AIG stock purchases in your account(s) (whether as a result of Company matching or voluntary contributions), and the proceeds of AIG stock sales or withdrawals from your account(s). That methodology, called the Plan of Allocation, will be implemented by the Plans' trustee and record keeper and based on available records. The Court will be asked to approve the Plan of Allocation at the Fairness Hearing.

In general, the Plan of Allocation will provide that each Class member's share of the Settlement Fund will be calculated as follows:

**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
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The Net Proceeds shall be distributed among Class members in proportion to their Net Losses. Each Class member's Net Loss will be the total of the member's "AIG Common Stock Fund Net Loss", which will be, for each Class member, the greater of (a) zero, or (b) the result obtained by taking (i) the dollar amount of the Class member's Plan account balance invested in the AIG Common Stock Fund at the beginning of the Class Period; adding (ii) the dollar amount added to the Class member's Plan account balance invested in the AIG Common Stock Fund during the Class Period (including the value of AIG common stock received as a dividend); and subtracting (iii) the dollar amount credited to the Class member's Plan account balance resulting from dispositions from the AIG Common Stock Fund.

The Net Losses of the Class members will be aggregated. Each Class member will be assigned a Net Loss Percentage, showing the percentage of the Class member's Net Loss in relation to all Class members' Net Losses. Each Class member's share of the Net Proceeds will be equal to the Net Proceeds multiplied by the member's Net Loss Percentage. If data is not available for the beginning date of the Class Period, then data from the nearest available date will be used.

The trustee or record keeper will perform all calculations for you and determine both whether you are entitled to a share of the Net Proceeds and your share amount. The trustee or record keeper will have access to all available records so you do not need to be concerned if you no longer have your Plan account statements. The Court will be asked to approve a more detailed statement of the Plan of Allocation, a copy of which is available along with other settlement documents at www._____.com.

The Settlement shall not include the Individual Defendants, or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

5. What is the lawsuit about? What has happened so far?

Beginning on November 30, 2004, nine putative class action lawsuits were brought on behalf of a purported class of individuals who were participants in or beneficiaries of the Plans during the Class Period, alleging breaches of fiduciary duties in violation of ERISA (the "ERISA Actions"). By Order dated August 3, 2005, the Court consolidated the ERISA Actions under Master File No. 04-9387.

Plaintiffs allege in the Complaint, among other things, that the Defendants were fiduciaries of the Plans and violated fiduciary duties under ERISA by causing the Plans to offer, purchase and hold units of AIG stock when AIG stock was allegedly an unsuitable and imprudent investment for the Plans. Plaintiffs further allege that the Defendants violated ERISA by misrepresenting to Plaintiffs and Plan participants the true financial condition of the Company and, consequently, the true value of AIG stock. Plaintiffs sought to recover from the Defendants losses to the Plans caused by the Defendants' alleged misconduct.

**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
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The Defendants have continued to deny all of the claims. Plaintiffs' Counsel have conducted extensive discovery regarding the facts and claims in this Action, including reviewing millions of pages of documents produced in this Action, participating in a number of merits depositions, serving document requests and interrogatories, and analyzing studies performed by their consultants regarding the estimated damages in the Action.

After engaging in this extensive fact-finding discovery, Plaintiffs' Counsel and counsel for the Defendants have reached an agreement to settle the Action on the terms that are summarized in this Notice. The Named Plaintiffs and the Defendants, through their counsel, have conducted an extensive investigation of the allegations in the Action and evaluated its merits. With the assistance of counsel and an independent mediator, the Parties have also engaged in substantial arm's-length negotiations to attempt to resolve all claims that have been or could have been asserted in the Action against the Defendants. Plaintiffs' Counsel and counsel for the Defendants have conducted numerous meetings and conferences in which the terms of the Settlement were extensively debated and negotiated.

6. Why is this case a class action?

In a class action, one or more plaintiffs, called "named plaintiffs," sue on behalf of people who have similar claims. All of the individuals on whose behalf the Named Plaintiffs in this Action are suing are "Class members," and they are also referred to in this Notice as members of the Class. The Court resolves the issues for all Class members. U.S. District Judge John E. Sprizzo is presiding over this case.

7. Why is there a Settlement?

Under the proposed Settlement, the Court will not decide the merits of the Action in favor of either the Plaintiffs or the Defendants. By agreeing to a Settlement, both the Plaintiffs and the Defendants avoid the costs, risks and delays of litigating the Action.

This Settlement is the product of extensive arm's-length negotiations between Plaintiffs' Counsel and the Defendants' counsel, including utilizing the services of an experienced mediator. Throughout the Settlement negotiations, the Plaintiffs and the Defendants were advised by various consultants and experts, including individuals with expertise in ERISA fiduciary liability issues, insurance coverage issues, and potential damages evaluations in cases involving ERISA fiduciary liability.

Plaintiffs' Counsel believe that the proposed Settlement is fair, reasonable and adequate and in the best interest of the Class.

8. How can I get my portion of the recovery?

Members of the Class do not need to file a claim for recovery in this Action. Members of the Class will receive instructions regarding how to receive any distribution. Any questions regarding the

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**Questions? CALL 1-800-___ - ___ TOLL FREE, OR VISIT
www._____.com.
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distribution of the Settlement Fund can be directed to 1-800-_____-_____ or _____ .com.

9. When will I receive my payment?

Payment is conditioned on several matters, including the Court's approval of the Settlement and that approval becoming Final and no longer subject to any appeals. Upon satisfaction of various conditions, the Net Proceeds will be allocated to Class Members' Plan accounts or to accounts created for them pursuant to the Plan of Allocation (described above) as soon as possible after Final approval has been obtained for the Settlement, including the exhaustion of any appeals. Any appeal of the Final approval could take several years. Any accrued interest on the Settlement Fund will be included in the amount allocated and paid to the Class members. The Settlement Agreement may be terminated on several grounds, including if the Court does not approve or otherwise modifies the terms of the Settlement. If the Settlement Agreement is terminated, the Settlement will also be terminated, and the Action will proceed as if the Settlement had not been reached.

10. What rights am I giving up in the Settlement?

If the Settlement is approved, the Court will enter a judgment. This judgment will fully, finally, and forever release, relinquish, and discharge all of the Defendants and any person or entity that at any time during the Class Period served as a named or functional fiduciary or a trustee of the Plans, as well as any representative of any Defendant or any such person or entity, including, but not limited to, their attorneys, agents, directors, officers, and employees, and the Insurers (the "Released Parties") from, and shall forever enjoin from prosecution all of the Released Parties for, any and all Released Claims.

The Released Claims shall be any actual or potential claims, actions, causes of action, demands, obligations, liabilities, attorneys' fees, expenses and costs not otherwise addressed in the Agreement through the date of execution of the Settlement Agreement whether arising under local, state, or federal law, whether by statute, contract, common law, equity, or otherwise, whether brought in an individual, representative, or any other capacity, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated that have been, could have been, or could be brought by or on behalf of the Named Plaintiffs, the Plans, or any member of the Settlement Class in the Complaint and that: (i) arise out of, relate to or are based on the allegations, facts, matters, occurrences or omissions set forth in the Complaint: (a) breach of duties or obligations under ERISA to the Plans, to Named Plaintiffs, to the Settlement Class, or to the other participants and beneficiaries of the Plans in connection with the acquisition or direct or indirect holding of AIG stock and/or AIG Stock Fund(s) by or for the benefit of the Plans or the Plans' participants or beneficiaries; (b) failure to provide information to the Plans' fiduciaries or the Plans' participants and beneficiaries regarding AIG or AIG stock; (c) failure to appoint, remove and/or adequately monitor the Plans' fiduciaries; (d) violation of ERISA duties related to the acquisition, disposition, or retention of AIG stock by the Plans; (e) breach of ERISA duties in connection with the failure to avoid or resolve conflicts of interest; or (f) knowing of an ERISA breach of fiduciary duty related to the acquisition, disposition, or retention of AIG stock by

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**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
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the Plans, and participating or enabling such ERISA breach of fiduciary duty, or knowing of the ERISA breach and failing to remedy it; (ii) would be barred by principles of *res judicata* had the claims asserted in the Action been fully litigated and resulted in a final judgment or order; or (iii) pertain to any conduct related to the direction to calculate, the calculation of, and/or the method or manner of allocation of the Settlement Fund to the Plans or any participant or beneficiary of the Plans pursuant to the Plan of Allocation. The Released Claims do not include the claims in the *In re AIG Securities Litigation*, Case No. 04-CV-8141 (JES) (AJP), and in the *In re AIG Derivative Litigation*, Case No. 04-CV-8406 (JES) (AJP), and actions consolidated thereunder, both pending in the United States District Court for the Southern District of New York, which are separate lawsuits and which are not affected by this Settlement.

11. Can I exclude myself from the Settlement?

You do not have the right to exclude yourself from the Settlement. For settlement purposes, the Action was certified under Federal Rule of Civil Procedure 23(b)(1) because the Court determined the requirements of that rule were satisfied. Thus, it is not possible for any of the Class members to exclude themselves from the Settlement. As a member of the Class, you will be bound by any judgments or orders that are entered in the Action for all claims that were or could have been asserted in the Action against the Defendants or are otherwise included in the release under the Settlement.

Although members of the Class cannot opt out of the Settlement, they can object to the Settlement and ask the Court not to approve the Settlement.

12. Do I have a lawyer in the case?

The Court has appointed the law firms of Keller Rohrback L.L.P., Wolf Popper LLP, Squitieri & Fearon, LLP, and Harwood Feffer LLP as members of a provisional committee for the Named Plaintiffs, the Plans, and the Class (“Plaintiffs’ Counsel”). You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

At the Fairness Hearing, Plaintiffs’ Counsel will apply for an award of attorneys’ fees and expenses on behalf of all Plaintiffs’ counsel. The application for attorneys’ fees will not exceed 30% of the Settlement Fund. Any award of fees and additional expenses will be paid from the Settlement Fund prior to allocation and payment to the Class members.

To date, neither Plaintiffs’ Counsel nor any additional Plaintiffs’ counsel have received any payment for their services in prosecuting this Action on behalf of the Class, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Plaintiffs’ Counsel would compensate all of Plaintiffs’ counsel for their efforts in achieving the Settlement for the benefit of the Class and for their risk in undertaking this representation on a contingency basis. The Court will determine the actual amount of the award..

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**Questions? CALL 1-800-___ - ___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
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14. How do I tell the Court that I don't like the Settlement?

Any member of the Class may appear at the Fairness Hearing and explain why Settlement of the Action against the Defendants as embodied in the Settlement Agreement should not be approved as fair, reasonable and adequate and why a judgment should not be entered thereon, why the attorneys' fees and expenses should not be awarded, or why the Named Plaintiffs should not be awarded a case contribution award¹ provided, however, that no member of the Class shall be heard or entitled to contest these matters unless such Class member has filed with the Court written objections (which state all supporting bases and reasons for the objection, set forth proof of their membership in the Class, clearly identify any and all witnesses, documents and other evidence of any kind that are to be presented at the Fairness Hearing in connection with such objections, and further describe the substance of any testimony to be given by themselves as well as by any supporting witnesses).

To object, you must send a letter or other written statement saying that you object to the Settlement, the attorneys' fee award, and/or the case contribution awards in *In re AIG ERISA Litigation*, No. 04-CV-9387 (JES) (AJP). Be sure to include your name, address, telephone number, signature, and a full explanation of all reasons you object to the Settlement. **Your written objection must be filed with the Court, and mailed to the counsel listed below, postmarked (and sent via facsimile) by no later than September 23, 2008:**

File with the Clerk of the Court:

Clerk of the Court
United States District Court for the Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street, New York, NY 10007-1312

And, by the same date, serve copies of all such papers by mail and fax to each of the following:

ERISA PLAINTIFFS' COUNSEL:

Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101
Fax: (206) 623-3384

Marian P. Rosner
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022
Fax: (212) 486-2093

¹The case contribution award is that amount awarded by the Court in recognition of each of the Named Plaintiffs' assistance in prosecuting this Action. The precise amount of the award, if any, shall be determined by the Court at the Fairness Hearing. However, in no event will Plaintiffs' Counsel request more than \$5,000.00 (five thousand dollars) per Named Plaintiff.

Lee Squitieri
SQUITIERI & FEARON, LLP
32 East 57th Street, 12th Floor
New York, NY 10022
Fax: (212) 421-6553

Robert I. Harwood
HARWOOD FEFFER LLP
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New York, NY 10022
Fax: (212) 753-3630

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570 Lexington Avenue
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200 Park Avenue
New York, NY 10166
Fax: (212) 294-4700

David M. Murphy
WACHTELL LIPTON ROSEN KATZ
51 West 52nd Street
New York, NY 10019
Fax: (212) 403-2000

UNLESS OTHERWISE ORDERED BY THE COURT, ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED HEREIN WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION AND SHALL BE FOREVER FORECLOSED FROM MAKING ANY OBJECTION TO THE PROPOSED SETTLEMENT AND THE APPLICATION FOR ATTORNEYS' FEES AND EXPENSES AND CASE CONTRIBUTION AWARDS.

15. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 3:00 p.m. on October 7, 2008, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312.

IF YOU DO NOT WISH TO OBJECT TO THE PROPOSED SETTLEMENT OR THE APPLICATION FOR ATTORNEYS' FEES AND EXPENSES AND CASE CONTRIBUTION AWARDS, YOU NEED NOT ATTEND THE FAIRNESS HEARING.

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**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
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At the hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to approve the Settlement. The Court will also rule on the motions for attorneys' fees and expenses and case contribution awards to the Named Plaintiffs. We do not know how long these decisions will take.

16. Do I have to come to the hearing?

Plaintiffs' Counsel will answer questions Judge Sprizzo may have. You are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, it will be before the Court when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You may also have your own lawyer attend the Fairness Hearing at your expense, but such attendance is not necessary.

17. May I speak at the hearing?

If you are a member of the Class and you have filed a timely objection, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re AIG ERISA Litigation*, No. 04-9387-(JES) (AJP)." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be served on the attorneys listed above, postmarked and sent via facsimile no later than September 23, 2008, and must be filed with the Clerk of the Court, postmarked no later than September 23, 2008.

The Fairness Hearing may be delayed by the Court without further notice to the Class. If you wish to attend the Fairness Hearing, you should confirm the date and time with a member of the Provisional Committee.

18. What happens if I do nothing at all?

If you do nothing and you are a Class member, you will participate in the Settlement as described above in this Notice if the Settlement is approved.

19. How do I get more information?

This Notice summarizes the proposed Settlement. Full details of the Settlement are set forth in the Settlement Agreement. You may obtain a copy of the Settlement Agreement by making a written request to a member of Plaintiffs' Counsel listed on pages 12-13. Copies of the Settlement Agreement, as well as the Preliminary Motion seeking preliminary approval of the Settlement Agreement, and the Preliminary Approval Order, may also be viewed at www._____.com.

Plaintiffs' Counsel have established a toll-free phone number to receive your comments and questions (1-800-____-____), and may also be contacted via e-mail at _____@_____.com.

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**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

EXHIBIT B
to
PRELIMINARY APPROVAL ORDER
(Summary Class Notice)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

TO ALL MEMBERS OF THE FOLLOWING CLASS:

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

**PLEASE READ THIS NOTICE CAREFULLY.
THIS IS A COURT ORDERED LEGAL NOTICE.
THIS IS NOT A SOLICITATION.**

A Settlement has been preliminarily approved by the federal court in a consolidated class action lawsuit alleging breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with the above-mentioned Plans. This Settlement will provide for a payment of \$24.2 million (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) for alleged losses to the Plans, which will then be allocated to accounts created for Class members who had portions of their Plan accounts invested in AIG stock.

If you qualify, you may receive a portion of such allocation. You do not need to send in a claim or take any other action unless you object to the Settlement. The United States District Court for the Southern District of New York authorized this Notice.

THE COURT WILL HOLD A HEARING AT 3:00 P.M. ON OCTOBER 7, 2008 TO DECIDE WHETHER TO APPROVE THE SETTLEMENT.

Who Is Included In The Settlement?

If you were a participant in or beneficiary of one of the Plans at any time during the Class Period, and your Plan account included investments in AIG stock, or if you are a beneficiary, alternate payee, executor, administrator, Representative, or Successor-In-Interest to any such participant or beneficiary, you are a member of the Class (a "Class member"); provided, however, that the Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

What Is This Case About?

The Named Plaintiffs in the case claim that the Defendants breached fiduciary duties under ERISA by continuing to allow the investment of the Plans' assets in AIG stock, and by other related acts, during the Class Period. All of the Defendants deny they did anything wrong. The Court has not ruled in favor of any party. The Plaintiffs and the Defendants agreed to the Settlement to ensure a resolution and avoid the costs and risks of litigation with respect to the claims against the Defendants. The Defendants are the AIG Defendants and the Director Defendants. Their names are listed in the Settlement Agreement.

What Does The Settlement Provide?

A Settlement Fund of \$24.2 million will be created to be divided among eligible Class members, after payment of certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation, as the Court may allow. A Class Action Settlement Agreement, available at the web site identified below, describes the details of the proposed Settlement. Your share of the net Settlement funds will be based on your proportionate share of the losses alleged to have been suffered by the Plans as a result of the acquisition and holding of AIG stock during the Class Period. The Settlement also releases all claims made against the Defendants in the Action.

How Do You Receive A Payment?

If you are a Class member and entitled to a share of the Settlement Fund according to the Class Action Settlement Agreement, you will not be required to do anything to receive a payment. Payment will be made directly to your account or to an account established for you. You will be notified of this account along with further instructions about how to access your portion of the Settlement Fund.

What Fees and Expenses are Being Sought By the Attorneys?

The lawyers who have prosecuted this case for the Plaintiffs and the Settlement Class on a contingent fee basis will apply to the Court for fees of no more than 30% of the settlement amount, plus reimbursement of the money they have paid out of their own pockets to advance the case. The Court must approve any fees and expenses to the attorneys.

What Are My Options – Can I Object To Or Opt Out Of The Settlement?

You cannot “opt out” or exclude yourself from the Class, but you do have the right to object to the Settlement, Plaintiffs’ Counsels’ request for payment of attorneys’ fees and expenses, compensation for Named Plaintiffs, or the Plan of Allocation by writing to the Court. The detailed notice, available at www._____.com, explains how to object. The case was certified under Federal Rule of Civil Procedure 23(b)(1) as a “non opt out” class action because of the way ERISA operates. Therefore, you will be bound by any judgments or orders that are entered in the Action and, if the Settlement is approved, you will be deemed to have released all of the Defendants and the other Released Parties¹ from all claims that were or could have been asserted in the Action, other than your right to obtain relief provided to you, if any, by the Settlement. The Court will hold a hearing in this case on October 7, 2008 at 3:00 p.m., to consider whether to approve the Settlement and a request by Plaintiffs’ Counsel: Keller Rohrback L.L.P.; Wolf Popper LLP; Squitieri & Fearon, LLP; and Harwood Feffer LLP, representing all Class members, for attorneys’ fees and litigation expenses, for case contribution awards to the Named Plaintiffs, and for other expenses. If approved, these amounts will be paid from the Settlement Fund. Although you cannot opt out of the Settlement, if you object to the Settlement, you may file a written objection with the Court, postmarked no later than September 23, 2008, as described in the Notice of Class Action Settlement. If you file a written objection with the Court, you may ask to appear at the hearing, but it is not required. At the hearing on October 7, 2008, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. If you do not want to object to the Settlement, you do not have to do anything.

How Do I Get More Information About the Settlement?

The Settlement includes a number of other important details. These include, but are not limited to, provisions relating to: (1) releases of claims by the Class; and (2) how the Settlement amount will be allocated among accounts created for eligible Class members. Details of the Settlement are contained in the Notice of Class Action Settlement, which has been mailed to all Class members, and is available at www._____.com. Counsel for the Class members have also set up a toll free number (1-800-____-____) and email address (____@____.com), to

¹ As set forth in Paragraph 3.1 of the Settlement Agreement, “Released Parties” shall include the Defendants and any person or entity that at any time during the Class Period served as a named or functional fiduciary or a trustee of the Plans, as well as any representative of any Defendant or any such person or entity, including, but not limited to, their attorneys, agents, directors, officers, and employees, and the Insurers.

assist in answering any questions Class members may have regarding the Settlement or their rights. You may contact any of Plaintiffs' Counsel in writing at:

Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101
Fax: (206) 623-3384

Marian P. Rosner
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022
Fax: (212) 486-2093

Lee Squitieri
SQUITIERI & FEARON, LLP
32 East 57th Street, 12th Floor
New York, NY 10022
Fax: (212) 421-6553

Robert I. Harwood
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022
Fax: (212) 753-3630

Please direct any questions to counsel for the Class members, and not to the Court, AIG, or any other entity.

EXHIBIT 2
to
CLASS ACTION SETTLEMENT AGREEMENT
(Final Order)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

ORDER AND FINAL JUDGMENT

This litigation involves the claims for alleged violations of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1001, et seq. (“ERISA”), set forth in Plaintiffs’ Consolidated Amended Class Action Complaint dated September 26, 2005, with respect to the AIG Incentive Savings Plan, the American General Employees’ Thrift and Incentive Plan, the American General Agents’ and Managers’ Thrift Plan, and the CommoLoCo Thrift Plan (the “Plans”).¹

This matter came before the Court for a hearing pursuant to Fed. R. Civ. P. 23 (e) and to the Order of this Court dated _____, 2008, entered on June ____, 2008, on the application of the parties for approval of the Settlement set forth in the Settlement Agreement, executed on June 18, 2008, on behalf of the Parties. Due and adequate notice having been given to the Settlement Class as required in the ORDER, and the Court having considered the Settlement Agreement, all papers filed and proceedings held herein, and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

¹ Capitalized terms not otherwise defined in this order shall have the same meaning as ascribed to them in the Settlement Agreement.

1. This Court has jurisdiction over the subject matter of this class action (the Action) and over all parties to the Action, including all members of the Settlement Class.

2. On _____, 2008, this Court preliminarily certified a Class in this action, comprised of the following:

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts

3. On or about _____, 2008, approximately ____ copies of the Class Notice were mailed to Settlement Class members.

4. On _____, 2008, a copy of the Summary Notice was published in the national edition of *The Wall Street Journal*.

5. The Class Notice and the Summary Notice (collectively, the "Class Notices") fully informed Settlement Class members of their rights with respect to the Settlement, including the right to object to the Settlement or the application for an award of attorneys' fees and reimbursement of expenses.

6. The Class Notices met the statutory requirements of notice in class actions under the circumstances of those proceedings and of the matters set forth therein, including the proposed Settlement set forth in the Settlement Agreement, to all persons entitled to such notice, who could be identified through reasonable effort, and said Class Notices fully satisfied the requirements of Federal Rule of Civil Procedure 23 and the requirements of due process.

7. The prerequisites of Rule 23(a) and (b) have been satisfied for the purpose of effectuating the Settlement as to the Settlement Class, and the Court finds that:

- a) The Settlement Class is so numerous that joinder of all members is impracticable;
- b) there are questions of law and fact common to the Settlement Class;
- c) Named Plaintiffs' claims are typical of the claims of the members of the Settlement Class; and
- d) Named Plaintiffs will fairly and adequately protect the interests of the Settlement Class in the implementation of this settlement.

8. The questions of law or fact common to members of the Settlement Class arising in this settlement predominate over any questions affecting only individual members, and this Settlement is superior to other available methods for the fair and efficient adjudication of the Settlement Class's claims against Defendants:

- a) the prosecution of separate actions by individual members of the Settlement Class would create a risk of inconsistent or varying

adjudication which would establish incompatible standards of conduct for Defendants;

- b) the prosecution of separate actions by individual members of the Settlement Class would create the risk of adjudications with respect to individual Settlement Class members, which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or would substantially impair or impede their ability to protect their interests; and
- c) Defendants acted or failed to act on grounds generally applicable to the Settlement Class as a whole.

9. The Action and all claims contained therein, as well as all of the Released Claims, are dismissed with prejudice as to the Named Plaintiffs and the Settlement Class members, and as against the Releasees. The Parties are to bear their own costs, except as otherwise provided in the Settlement Agreement.

10. The Court finds that the Settlement is fair, just, reasonable, and adequate as to each member of the Settlement Class, and that the Settlement Agreement, and the Settlement contained therein, is hereby finally approved in all respects, and the Parties are hereby directed to perform its terms.

11. Upon the Effective Date hereof, the Named Plaintiffs, on behalf of themselves, the Plans and the Settlement Class, shall be deemed to have, and by operation of the judgment shall have, absolutely and unconditionally release and forever discharge the Releasees from the Released Claims.

12. All members of the Settlement Class are hereby forever barred and enjoined from prosecuting the Released Claims against the Releasees.

13. Upon the Effective Date hereof, each of the Defendants shall be deemed to have and by operation of this Judgment shall have, absolutely and unconditionally released and forever discharged the Named Plaintiffs, the Settlement Class, Plaintiffs' Counsel and their Representatives and Released Parties from any and all claims relating to, or in connection with the institution or prosecution of the Action or the Settlement of any Released Claim.

14. The Plan of Allocation set forth in the Class Notice is approved as fair and reasonable, and Plaintiffs' Counsel is directed to arrange for the administration of the Settlement in accordance with its terms and provisions. Any modification or change in the Plan of Allocation that may hereafter be approved shall in no way disturb or affect this Judgment and shall be considered separate from this Judgment.

15. Plaintiffs' Counsel appointed by this Court as members of the Provisional Committee in its Order dated December 12, 2006, are hereby appointed class counsel pursuant to Fed R. Civ. P. 23 (g).

16. Plaintiffs' Counsel is hereby awarded attorneys' fees pursuant to Fed R. Civ. P. 23 (h), in the amount of _____ which the Court finds to be fair and reasonable, and _____ in reimbursement of Plaintiffs' Counsels' reasonable expenses incurred in prosecuting the Action. The attorneys' fees and expenses so awarded shall be paid from the Settlement Fund pursuant to the terms of the Settlement Agreement, as provided in the Settlement Agreement, with interest on such amounts from the date the Settlement Fund was funded to the date of payment at the same net rate the Settlement Fund earns. All Fees and

expenses paid to Plaintiffs' Counsel shall be paid pursuant to the timing requirements described in the Settlement Agreement.

17. Pursuant to the Settlement Agreement, the Plans and their trustee shall be awarded all of its reasonable fees and expenses for allocation pursuant to the Plan of Allocation, such fees and expense to be determined in the final distribution order.

18. Named Plaintiffs Margaret Amidei, Oscar Saleh, Grace C. Baxter, Linda S. Adams, Christopher Townley, and Terry Phillips are hereby awarded case contribution awards in the amount of \$5,000 each.

19. In making the case contribution awards and the award of attorneys' fees and reimbursement of expenses, which are to be paid from the Settlement Fund, the Court has considered and found that:

- a) The Settlement achieved as a result of the efforts of Plaintiffs' Counsel has created a fund of _____ in cash that is already on deposit, plus interest thereon, and will benefit thousands of Settlement Class Members;
- b) Approximately _____ copies of the Class Notice were disseminated to Settlement Class Members indicating that Plaintiffs' Counsel were moving for attorney's fees in the amount of up to 30 percent of the Settlement Fund and for reimbursement of expenses;
- c) Plaintiffs' Counsel have conducted the litigation and achieved the Settlement, with skill, perseverance, and diligence advocacy;
- d) The Action involved complex factual and legal issues prosecuted over several years and, in the absence of a settlement, would involve further

lengthy proceedings with uncertain resolution of the complex factual and legal issues;

- e) Had Plaintiffs' Counsel not achieved the Settlement, there would remain a significant risk that the Named Plaintiffs and the Settlement Class may have recovered less or nothing from the Defendants;
- f) The amount of the case contribution award and the attorneys' fees awarded and expenses reimbursed from the Settlement Fund are consistent with awards in similar cases;
- g) Plaintiffs' Counsel has expended more than ___ hours, with a lodestar value of ___, to achieve the Settlement; and
- h) Named Plaintiffs rendered valuable service to the Plans and to all the Plans' participants and beneficiaries. Without their participation, there would have been no case and no settlement, and the Plans would not have recouped any of their losses.

20. Nether the Settlement Agreement nor the terms of the Settlement Agreement shall be offered or received into any Action or proceeding for any purposes, except: (a) in an action or proceeding arising under this Settlement Agreement or arising out of or relating to the Preliminary Approval Order or the Final Order; (b) in any action or proceeding where the Releases provided pursuant to this Settlement Agreement may serve as a bar to recover; or (c) for purposes of determining a remedy in the Securities or Derivatives Actions, or in any action or proceeding to determine the availability, scope, or extent of insurance coverage

(or reinsurance related to such coverage) for the sums expended for the settlement and defense of this Action.

21. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over: (a) implementation of the settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) hearing and determining applications for attorneys' fees, costs, interest and reimbursement of expenses in the Action; and (d) all Parties hereto for the purpose of construing, enforcing and administering the Settlement.

22. The Court finds that during the course of the litigation, the Named Plaintiffs and the Defendants and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

23. In the event that the Settlement does not become effective in accordance with the terms of the Settlement or in the event that the Settlement Fund, or any portion thereof, is returned to the Defendants or their insurers, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Settlement agreement and shall be vacated, and in such event, all orders entered and releases delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Settlement Agreement.

24. Final Judgment shall be entered herein.

SO ORDERED this ___ day of _____ 2008.

Hon. John E. Sprizzo, U.S.D.J.

EXHIBIT 3

to

**MEMORANDUM IN SUPPORT OF MOTION FOR
ORDER PRELIMINARILY APPROVING SETTLEMENT,
CERTIFYING SETTLEMENT CLASS, APPROVING
NOTICE PLAN, AND CONFIRMING FAIRNESS
HEARING**

(Affidavit of Layn R. Phillips)

of Oklahoma in Tulsa, Oklahoma. Prior to that, I had a lengthy career in public service. I am a member of the California, Oklahoma, Texas, and District of Columbia bar associations.

4. While serving as a United States District Judge, I presided over dozens of settlement conferences in complex business disputes including class actions. Since founding the Irell & Manella Alternative Dispute Resolution Center, I have mediated hundreds of disputes referred by private parties or courts, and I have been appointed a special master by various federal courts in complex civil proceedings. I have extensive experience in the settlement of complex actions.

5. I am a member of the National Panel of Distinguished Neutrals of the Center for Public Resources Institute for Dispute Resolution (CPR), a member of the International Academy of Mediators, and a Fellow of the American College of Trial Lawyers. I have also served as the President of three American Inns of Court, recently served as the President of the Federal Bar Association in Orange County, California, and I am currently the Co-Chair of the Lawyer Representatives to the Ninth Circuit Judicial Conference for the Central District of California in Los Angeles.

6. The negotiations leading to the proposed settlement in this ERISA action against the Plans' fiduciaries exhibited the highest standards of professionalism on all sides and were adversarial, good faith, arms-length, merits-driven negotiations.

7. The parties prepared detailed mediation submissions which included thorough analyses of the claims, defenses and the current status of the litigation. Plaintiffs' submissions included discussion of documents produced in discovery, and attached a number of exhibits for my review.

8. A mediation session took place in New York on October 23, 2007, which was attended by Plaintiffs' Counsel, counsel for AIG, and representatives from the fiduciary liability carriers. The parties came prepared and vigorously represented their clients' respective interests.

9. Over the course of the day, I engaged in group sessions as well as shuttle diplomacy between the parties in order to address significant disagreement regarding both the facts and law of the case. Both sides made strenuous efforts to impress upon me the merits of their positions, and I pushed them both on potential weaknesses perceived by me in their arguments. The parties treated each other professionally, but engaged in spirited debate.

10. At the conclusion of the day, the parties had reached an impasse. I then suspended the mediation. Following the mediation, I had several follow-up calls with the parties, resulting in the scheduling of a second day of mediation.

11. The second mediation session took place in New York on December 19, 2007, which was attended by Plaintiffs' Counsel, counsel for AIG, and representatives from the fiduciary liability carriers. Over the course of the day, the parties engaged in spirited debate with each other and me as I pushed the parties to address the issue they each faced in the case.

12. At the conclusion of the day, the parties had again reached an impasse. I suspended the mediation at that time with the understanding that the parties should continue to talk with me or directly with one another regarding possible resolution.

13. Following additional discussions and negotiations directly among the parties, a resolution was achieved. The parties informed me that they had agreed to settle the case for \$24.2 million. A term sheet reflecting the core terms of the agreement was signed by both parties in March 2008. The parties then set about to agree on the final terms of the Settlement, which I have been informed was itself a protracted back-and-forth process.

2. As a result of the foregoing, I assure the Court under oath that the terms negotiated between and among the parties as a result of the intensive mediation and negotiation sessions described above were the result of *bona fide* compromise and arm's length negotiations. It was evident to me that the parties recognized the differences at all times between compromise and capitulation, and vigorously advocated their respective best interests. Throughout the negotiation process, the parties were represented competently and vigorously by their respective counsel who engaged in intense negotiations with respect to the specific language and terms, including the financial terms to be included in the settlement that was then under consideration, as well as the non-monetary aspects of the settlement.

3. Based upon my personal participation in this process, I can unequivocally state and assure this Court that the settlement agreement reached was the product of vigorous and independent advocacy and is the product of a genuine arm's length negotiation.

I declare under penalty of perjury of the laws of the United States of America that the foregoing is true and correct.

Dated this 8th day of June, 2008.

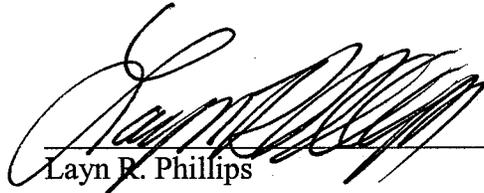

Layn R. Phillips

EXHIBIT 4

to

**MEMORANDUM IN SUPPORT OF MOTION FOR
ORDER PRELIMINARILY APPROVING SETTLEMENT,
CERTIFYING SETTLEMENT CLASS, APPROVING
NOTICE PLAN, AND CONFIRMING FAIRNESS
HEARING**

(Class Notice)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

**NOTICE OF PROPOSED SETTLEMENT OF ERISA CLASS ACTION LITIGATION,
SETTLEMENT FAIRNESS HEARING, AND
MOTION FOR ATTORNEYS' FEES AND
REIMBURSEMENT OF EXPENSES**

Your legal rights might be affected if you are a member of the following class:

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

**PLEASE READ THIS NOTICE CAREFULLY.
A FEDERAL COURT AUTHORIZED THIS NOTICE.
THIS IS NOT A SOLICITATION.
YOU HAVE NOT BEEN SUED.**

This notice ("Notice") advises you of a proposed settlement (the "Settlement") of a consolidated class action lawsuit brought by plaintiffs Margaret B. Amidei, Oscar Saleh, Grace C. Baxter, Linda S. Adams, Christopher Townley, and Terry Phillips (collectively, the "Named Plaintiffs") on behalf of themselves, the Plans (referred to above), and as representatives of the Class against the Defendants who are alleged fiduciaries under the Plans, alleging that they breached their fiduciary duties and violated the Employee Retirement Income Security Act of 1974 ("ERISA").

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**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

This Settlement relates to all claims brought under ERISA against American International Group, Inc. (“AIG” or the “Company”) and the following persons named as defendants in the Complaint (defined below): Richard A. Grosiak, Axel I. Freudmann, Patricia Cameron, Robert Cole, Gustavo Covacevich, Marion Fajen, Georgia Feigel, Anthony Galieto, John Keogh, Ronald Latz, David Pinkerton, Charles Schader, Patricia McCann, Gary Reddick, Kathleen Shannon, Nicholas Tyler, Patricia McCann, and Timothy Hayes (the “AIG Defendants”) and against Maurice R. Greenberg, Howard I. Smith, Martin J. Sullivan, and Donald P. Kanak (the “Director Defendants”) (collectively, the “Defendants”). The Named Plaintiffs and the Defendants are referred to herein as the “Parties.”

The Settlement will provide for a cash payment consisting of \$24,200,000.00 (twenty-four million two hundred thousand dollars), for alleged losses to the Plans to settle the claims against the Defendants, and for a pro rata allocation of this payment (excluding certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys’ fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) to the accounts of members of the Class who had any portion of their Plan accounts invested in AIG stock during the Class Period. The distributions will be made in proportion to the loss in value of AIG stock sustained by members of the Class during the Class Period.

The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and that approval is upheld if there are any appeals. This process is explained in greater detail below.

Identification of Key Terms: This Notice contains summary information with respect to the Settlement. The terms and conditions of the Settlement are set forth in a Class Action Settlement Agreement (the “Settlement Agreement”). The Settlement Agreement, and additional information with respect to this lawsuit and the Settlement, are available at www._____.com. Counsel for the Class: Keller Rohrback L.L.P., 1201 Third Avenue, Suite 3200, Seattle, WA 98101; Wolf Popper LLP, 845 Third Avenue, New York, NY 10022; Squitieri & Fearon, LLP, 32 East 57th Street, 12th Floor, New York, NY 10022; and Harwood Feffer LLP, 488 Madison Avenue, New York, NY 10022 (collectively, “Plaintiffs’ Counsel”), have established a toll-free phone number (1-800-____-____) and email address (_____) if you have questions.

Reasons for the Settlement: The Settlement resolves all claims in the Action against the Defendants for allegedly breaching fiduciary duties and violating ERISA. The Settlement is not, and should not be construed as, an admission of any fault, liability or wrongdoing whatsoever by any of the Defendants, who continue to deny all such claims. The Named Plaintiffs and Plaintiffs’ Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class. The Named Plaintiffs and Plaintiffs’ Counsel believe that the Settlement provides a substantial benefit in the form of \$24,200,000.00 in cash (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorney’s fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation), as compared to the risks, costs and delays of proceeding with this litigation against the Defendants.

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**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

Identification of Plaintiffs' Counsel: Any questions regarding the Settlement should be directed to Plaintiffs' Counsel: Lynn Lincoln Sarko, Keller Rohrback L.L.P., 1201 Third Avenue, Suite 3200, Seattle, WA 98101; Marian P. Rosner, Wolf Popper LLP, 845 Third Avenue, New York, NY 10022; Lee Squitieri, Squitieri & Fearon, LLP, 32 East 57th Street, 12th Floor, New York, NY 10022; or Robert I. Harwood, Harwood Feffer LLP, 488 Madison Avenue, New York, NY 10022. Please do not contact the Court. They will not be able to answer your questions.

PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS TO WHOM THIS NOTICE IS ADDRESSED, THE SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS CASE. IF YOU ARE IN FAVOR OF THE SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU DISAPPROVE, YOU MAY OBJECT TO THE SETTLEMENT PURSUANT TO THE PROCEDURES DESCRIBED BELOW.

ACTIONS YOU MAY TAKE IN THE SETTLEMENT	
NO ACTION IS NECESSARY TO RECEIVE PAYMENT.	<p>If the Settlement is approved by the Court and you are a member of the Class, you do not need to do anything in order to receive a payment. The portion, if any, of the Settlement Fund to be allocated to your Plan account will be calculated as part of the implementation of the Settlement.</p> <p>If you are a current Plan participant, any share of the Settlement Fund to which you are entitled will be deposited into your Plan account. If you are no longer a Plan participant and are entitled to share in the Settlement Fund, a Plan account will be established for you, if necessary, and you will be notified of such account.</p>
YOU CAN OBJECT NO LATER THAN SEPTEMBER 23, 2008.	If you wish to object to any part of the Settlement, you can write to the Court and explain why you do not like the Settlement.
YOU CAN GO TO THE HEARING ON OCTOBER 7, 2008 BY FILING A NOTICE OF INTENTION TO APPEAR NO LATER THAN SEPTEMBER 23, 2008.	If you have submitted a written objection to the Court, you can ask to speak in Court about the fairness of the Settlement.

**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

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This litigation (the “*ERISA Action*”) is a consolidation of a series of cases filed in federal district court. As described in more detail below and in the complaints themselves, the cases concern allegations that Defendants breached fiduciary duties they owed to participants in the *Plans*. Copies of the Consolidated Amended Complaint for Breach of Fiduciary Duty under ERISA (“*Complaint*”) and other documents filed in the *ERISA Action* are available at www._____.com.

**Questions? CALL 1-800-__ - __ TOLL FREE, OR VISIT
www._____.com.
DO NOT CALL THE COURT OR THE COMPANY,
as they cannot answer your questions.**

SUMMARY OF SETTLEMENT

A Settlement Fund will be established in this Action by depositing the Settlement amount of \$24,200,000.00 in an interest bearing account. The Settlement Fund, including any accrued interest (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) will be allocated among the Class members in accordance with the Plan of Allocation to be approved by the Court. (*See* Section 4 below for details of the Plan of Allocation).

As with any litigation, the Parties would face an uncertain outcome if the Action were to continue against the Defendants. Continued litigation of the Action against the Defendants could result in a judgment or verdict greater or less than the recovery under the Settlement Agreement, or in no recovery at all. Moreover, this litigation has been hotly contested from the outset. Indeed, throughout this litigation, the Named Plaintiffs and the Defendants have disagreed on both liability and damages, and they do not agree on the amount that would be recoverable even if the Plaintiffs were to prevail at trial. The Defendants, among other things: (1) have denied, and continue to deny, the material allegations of the Complaint; (2) have denied, and continue to deny, any wrongdoing or liability whatsoever; (3) believe that they acted at all times reasonably and prudently with respect to the Plans, their participants and beneficiaries, and the Settlement Class; (4) would assert certain other defenses if this Settlement is not consummated; and (5) are entering into the Settlement solely to avoid the cost, disruption, and uncertainty of litigation. Nevertheless, the Parties have taken into account the uncertainty and risks inherent in this litigation, particularly its complex nature, and have concluded that it is desirable that the Action be fully and finally settled on the terms and conditions set forth in the Settlement Agreement.

Plaintiffs' Counsel in the Action will apply to the Court for an order awarding Counsel attorneys' fees not in excess of 30% of the amount recovered in the Settlement, plus reimbursement of expenses. The Named Plaintiffs in the Action will share in the allocation of the money paid to the Plans on the same basis and to the same extent as all other members of the Settlement Class, except that, in addition, the Named Plaintiffs may apply to the Court for compensation up to \$5,000 each. Any compensation awarded to the Named Plaintiffs by the Court will be payable from the proceeds of the Settlement.

Plaintiffs' Counsel have established a toll-free phone number (1-800-_____) if you have questions or comments. Plaintiffs' Counsel may also be contacted via email (_____).

1. Why did I get this Notice package?

Either you or someone in your family may have been a participant in or beneficiary of one of the Plans and may have had a portion of your, his, or her Plan account(s) invested in AIG stock during the Class Period. The Court has directed that this Notice be sent to you because, as a potential class

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**Questions? CALL 1-800-__ - __ TOLL FREE, OR VISIT
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member, you have a right to know about the proposed Settlement with the Defendants before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and all related objections and appeals are favorably resolved, the net amount of the Settlement Fund will be allocated among Class members according to a court-approved Plan of Allocation.

This Notice explains the Action, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how you will receive your portion of the benefits. The purpose of this Notice is to inform you of a hearing (the "Fairness Hearing") to be held by the Court to consider the fairness, reasonableness and adequacy of the proposed Settlement and to consider the application of Plaintiffs' Counsel for their attorneys' fees and reimbursement of litigation expenses as well as an application for case contribution awards to the Named Plaintiffs.

The Fairness Hearing will be held at 3:00 p.m. on October 7, 2008 before the Honorable John E. Sprizzo in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312, to determine:

- (a) Whether the Settlement should be approved as fair, reasonable, and adequate;
- (b) Whether the Complaint should be dismissed with prejudice pursuant to the terms of the Settlement;
- (c) Whether the Class Notice provided for by the Settlement Agreement: (i) constituted the best practicable notice; (ii) constituted notice that was reasonably calculated, under the circumstances, to apprise members of the Settlement Class of the pendency of the litigation, their right to object to the Settlement, and their right to appear at the Fairness Hearing; (iii) was reasonable and constituted due, adequate, and sufficient notice to all persons entitled to notice; and (iv) met all applicable requirements of the Federal Rules of Civil Procedure, and any other applicable law;
- (d) Whether the Class should be certified pursuant to Fed. R. Civ. P. 23(a) & (b) for purposes of the Settlement, and with respect thereto, whether Plaintiffs' Counsel should be appointed as Class Counsel pursuant to Fed. R. Civ. P. 23(g);
- (e) Whether the application for attorneys' fees and expenses filed by Plaintiffs' Counsel should be approved; and
- (f) Whether the application for case contribution awards for the Named Plaintiffs should be approved.

The issuance of this Notice is not an expression of the Court's opinion on the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payment to the Class will be made after all related appeals, if any, are favorably resolved. It is always uncertain whether such appeals can be favorably resolved, and resolving them can take time, perhaps more than a year. Please be patient.

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**Questions? CALL 1-800-___ - ___ TOLL FREE, OR VISIT
www._____.com.
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2. How do I know whether I am part of the Settlement?

The Court has certified the Action as a class action. If you: (a) were a participant in or beneficiary of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) your Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s). The "Settlement Class" shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

3. What does the Settlement provide?

A Settlement Fund consisting of \$24,200,000.00 in cash, plus interest, is being established in the Action. The net amount in the Settlement Fund (after payment of, and establishment of reserves for, certain amounts as described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) will be allocated among and paid to members of the Class according to a Plan of Allocation to be approved by the Court. Allocations will be made to accounts established for members of the Class. Disbursement of the Settlement Fund to the Class will occur once the Settlement has become Final – after all appeals relating to the Settlement are favorably decided and all appeal periods have run.

The above description of the operation of the Settlement is only a summary. The governing provisions are set forth in the Settlement Agreement (including its exhibits), which may be obtained at www._____.com.

4. What will be my share of the Settlement Fund?

Your share of the Settlement Fund, if any, will be determined using a methodology that takes into account the value of any investments in AIG stock in your account(s) at the beginning of the Class Period, the value of subsequent AIG stock purchases in your account(s) (whether as a result of Company matching or voluntary contributions), and the proceeds of AIG stock sales or withdrawals from your account(s). That methodology, called the Plan of Allocation, will be implemented by the Plans' trustee and record keeper and based on available records. The Court will be asked to approve the Plan of Allocation at the Fairness Hearing.

In general, the Plan of Allocation will provide that each Class member's share of the Settlement Fund will be calculated as follows:

**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
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The Net Proceeds shall be distributed among Class members in proportion to their Net Losses. Each Class member's Net Loss will be the total of the member's "AIG Common Stock Fund Net Loss", which will be, for each Class member, the greater of (a) zero, or (b) the result obtained by taking (i) the dollar amount of the Class member's Plan account balance invested in the AIG Common Stock Fund at the beginning of the Class Period; adding (ii) the dollar amount added to the Class member's Plan account balance invested in the AIG Common Stock Fund during the Class Period (including the value of AIG common stock received as a dividend); and subtracting (iii) the dollar amount credited to the Class member's Plan account balance resulting from dispositions from the AIG Common Stock Fund.

The Net Losses of the Class members will be aggregated. Each Class member will be assigned a Net Loss Percentage, showing the percentage of the Class member's Net Loss in relation to all Class members' Net Losses. Each Class member's share of the Net Proceeds will be equal to the Net Proceeds multiplied by the member's Net Loss Percentage. If data is not available for the beginning date of the Class Period, then data from the nearest available date will be used.

The trustee or record keeper will perform all calculations for you and determine both whether you are entitled to a share of the Net Proceeds and your share amount. The trustee or record keeper will have access to all available records so you do not need to be concerned if you no longer have your Plan account statements. The Court will be asked to approve a more detailed statement of the Plan of Allocation, a copy of which is available along with other settlement documents at www._____.com.

The Settlement shall not include the Individual Defendants, or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

5. What is the lawsuit about? What has happened so far?

Beginning on November 30, 2004, nine putative class action lawsuits were brought on behalf of a purported class of individuals who were participants in or beneficiaries of the Plans during the Class Period, alleging breaches of fiduciary duties in violation of ERISA (the "ERISA Actions"). By Order dated August 3, 2005, the Court consolidated the ERISA Actions under Master File No. 04-9387.

Plaintiffs allege in the Complaint, among other things, that the Defendants were fiduciaries of the Plans and violated fiduciary duties under ERISA by causing the Plans to offer, purchase and hold units of AIG stock when AIG stock was allegedly an unsuitable and imprudent investment for the Plans. Plaintiffs further allege that the Defendants violated ERISA by misrepresenting to Plaintiffs and Plan participants the true financial condition of the Company and, consequently, the true value of AIG stock. Plaintiffs sought to recover from the Defendants losses to the Plans caused by the Defendants' alleged misconduct.

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The Defendants have continued to deny all of the claims. Plaintiffs' Counsel have conducted extensive discovery regarding the facts and claims in this Action, including reviewing millions of pages of documents produced in this Action, participating in a number of merits depositions, serving document requests and interrogatories, and analyzing studies performed by their consultants regarding the estimated damages in the Action.

After engaging in this extensive fact-finding discovery, Plaintiffs' Counsel and counsel for the Defendants have reached an agreement to settle the Action on the terms that are summarized in this Notice. The Named Plaintiffs and the Defendants, through their counsel, have conducted an extensive investigation of the allegations in the Action and evaluated its merits. With the assistance of counsel and an independent mediator, the Parties have also engaged in substantial arm's-length negotiations to attempt to resolve all claims that have been or could have been asserted in the Action against the Defendants. Plaintiffs' Counsel and counsel for the Defendants have conducted numerous meetings and conferences in which the terms of the Settlement were extensively debated and negotiated.

6. Why is this case a class action?

In a class action, one or more plaintiffs, called "named plaintiffs," sue on behalf of people who have similar claims. All of the individuals on whose behalf the Named Plaintiffs in this Action are suing are "Class members," and they are also referred to in this Notice as members of the Class. The Court resolves the issues for all Class members. U.S. District Judge John E. Sprizzo is presiding over this case.

7. Why is there a Settlement?

Under the proposed Settlement, the Court will not decide the merits of the Action in favor of either the Plaintiffs or the Defendants. By agreeing to a Settlement, both the Plaintiffs and the Defendants avoid the costs, risks and delays of litigating the Action.

This Settlement is the product of extensive arm's-length negotiations between Plaintiffs' Counsel and the Defendants' counsel, including utilizing the services of an experienced mediator. Throughout the Settlement negotiations, the Plaintiffs and the Defendants were advised by various consultants and experts, including individuals with expertise in ERISA fiduciary liability issues, insurance coverage issues, and potential damages evaluations in cases involving ERISA fiduciary liability.

Plaintiffs' Counsel believe that the proposed Settlement is fair, reasonable and adequate and in the best interest of the Class.

8. How can I get my portion of the recovery?

Members of the Class do not need to file a claim for recovery in this Action. Members of the Class will receive instructions regarding how to receive any distribution. Any questions regarding the

distribution of the Settlement Fund can be directed to 1-800-_____-_____ or _____ .com.

9. When will I receive my payment?

Payment is conditioned on several matters, including the Court’s approval of the Settlement and that approval becoming Final and no longer subject to any appeals. Upon satisfaction of various conditions, the Net Proceeds will be allocated to Class Members’ Plan accounts or to accounts created for them pursuant to the Plan of Allocation (described above) as soon as possible after Final approval has been obtained for the Settlement, including the exhaustion of any appeals. Any appeal of the Final approval could take several years. Any accrued interest on the Settlement Fund will be included in the amount allocated and paid to the Class members. The Settlement Agreement may be terminated on several grounds, including if the Court does not approve or otherwise modifies the terms of the Settlement. If the Settlement Agreement is terminated, the Settlement will also be terminated, and the Action will proceed as if the Settlement had not been reached.

10. What rights am I giving up in the Settlement?

If the Settlement is approved, the Court will enter a judgment. This judgment will fully, finally, and forever release, relinquish, and discharge all of the Defendants and any person or entity that at any time during the Class Period served as a named or functional fiduciary or a trustee of the Plans, as well as any representative of any Defendant or any such person or entity, including, but not limited to, their attorneys, agents, directors, officers, and employees, and the Insurers (the “Released Parties”) from, and shall forever enjoin from prosecution all of the Released Parties for, any and all Released Claims.

The Released Claims shall be any actual or potential claims, actions, causes of action, demands, obligations, liabilities, attorneys’ fees, expenses and costs not otherwise addressed in the Agreement through the date of execution of the Settlement Agreement whether arising under local, state, or federal law, whether by statute, contract, common law, equity, or otherwise, whether brought in an individual, representative, or any other capacity, whether known or unknown, suspected or unsuspected, asserted or unasserted, foreseen or unforeseen, actual or contingent, liquidated or unliquidated that have been, could have been, or could be brought by or on behalf of the Named Plaintiffs, the Plans, or any member of the Settlement Class in the Complaint and that: (i) arise out of, relate to or are based on the allegations, facts, matters, occurrences or omissions set forth in the Complaint: (a) breach of duties or obligations under ERISA to the Plans, to Named Plaintiffs, to the Settlement Class, or to the other participants and beneficiaries of the Plans in connection with the acquisition or direct or indirect holding of AIG stock and/or AIG Stock Fund(s) by or for the benefit of the Plans or the Plans’ participants or beneficiaries; (b) failure to provide information to the Plans’ fiduciaries or the Plans’ participants and beneficiaries regarding AIG or AIG stock; (c) failure to appoint, remove and/or adequately monitor the Plans’ fiduciaries; (d) violation of ERISA duties related to the acquisition, disposition, or retention of AIG stock by the Plans; (e) breach of ERISA duties in connection with the failure to avoid or resolve conflicts of interest; or (f) knowing of an ERISA breach of fiduciary duty related to the acquisition, disposition, or retention of AIG stock by

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the Plans, and participating or enabling such ERISA breach of fiduciary duty, or knowing of the ERISA breach and failing to remedy it; (ii) would be barred by principles of *res judicata* had the claims asserted in the Action been fully litigated and resulted in a final judgment or order; or (iii) pertain to any conduct related to the direction to calculate, the calculation of, and/or the method or manner of allocation of the Settlement Fund to the Plans or any participant or beneficiary of the Plans pursuant to the Plan of Allocation. The Released Claims do not include the claims in the *In re AIG Securities Litigation*, Case No. 04-CV-8141 (JES) (AJP), and in the *In re AIG Derivative Litigation*, Case No. 04-CV-8406 (JES) (AJP), and actions consolidated thereunder, both pending in the United States District Court for the Southern District of New York, which are separate lawsuits and which are not affected by this Settlement.

11. Can I exclude myself from the Settlement?

You do not have the right to exclude yourself from the Settlement. For settlement purposes, the Action was certified under Federal Rule of Civil Procedure 23(b)(1) because the Court determined the requirements of that rule were satisfied. Thus, it is not possible for any of the Class members to exclude themselves from the Settlement. As a member of the Class, you will be bound by any judgments or orders that are entered in the Action for all claims that were or could have been asserted in the Action against the Defendants or are otherwise included in the release under the Settlement.

Although members of the Class cannot opt out of the Settlement, they can object to the Settlement and ask the Court not to approve the Settlement.

12. Do I have a lawyer in the case?

The Court has appointed the law firms of Keller Rohrback L.L.P., Wolf Popper LLP, Squitieri & Fearon, LLP, and Harwood Feffer LLP as members of a provisional committee for the Named Plaintiffs, the Plans, and the Class (“Plaintiffs’ Counsel”). You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

At the Fairness Hearing, Plaintiffs’ Counsel will apply for an award of attorneys’ fees and expenses on behalf of all Plaintiffs’ counsel. The application for attorneys’ fees will not exceed 30% of the Settlement Fund. Any award of fees and additional expenses will be paid from the Settlement Fund prior to allocation and payment to the Class members.

To date, neither Plaintiffs’ Counsel nor any additional Plaintiffs’ counsel have received any payment for their services in prosecuting this Action on behalf of the Class, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Plaintiffs’ Counsel would compensate all of Plaintiffs’ counsel for their efforts in achieving the Settlement for the benefit of the Class and for their risk in undertaking this representation on a contingency basis. The Court will determine the actual amount of the award..

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**Questions? CALL 1-800-___ - ___ TOLL FREE, OR VISIT
www._____.com.
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14. How do I tell the Court that I don't like the Settlement?

Any member of the Class may appear at the Fairness Hearing and explain why Settlement of the Action against the Defendants as embodied in the Settlement Agreement should not be approved as fair, reasonable and adequate and why a judgment should not be entered thereon, why the attorneys' fees and expenses should not be awarded, or why the Named Plaintiffs should not be awarded a case contribution award¹ provided, however, that no member of the Class shall be heard or entitled to contest these matters unless such Class member has filed with the Court written objections (which state all supporting bases and reasons for the objection, set forth proof of their membership in the Class, clearly identify any and all witnesses, documents and other evidence of any kind that are to be presented at the Fairness Hearing in connection with such objections, and further describe the substance of any testimony to be given by themselves as well as by any supporting witnesses).

To object, you must send a letter or other written statement saying that you object to the Settlement, the attorneys' fee award, and/or the case contribution awards in *In re AIG ERISA Litigation*, No. 04-CV-9387 (JES) (AJP). Be sure to include your name, address, telephone number, signature, and a full explanation of all reasons you object to the Settlement. **Your written objection must be filed with the Court, and mailed to the counsel listed below, postmarked (and sent via facsimile) by no later than September 23, 2008:**

File with the Clerk of the Court:

Clerk of the Court
United States District Court for the Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street, New York, NY 10007-1312

And, by the same date, serve copies of all such papers by mail and fax to each of the following:

ERISA PLAINTIFFS' COUNSEL:

Lynn Lincoln Sarko
KELLER ROHRBACK L.L.P.
1201 Third Avenue, Suite 3200
Seattle, WA 98101
Fax: (206) 623-3384

Marian P. Rosner
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022
Fax: (212) 486-2093

¹The case contribution award is that amount awarded by the Court in recognition of each of the Named Plaintiffs' assistance in prosecuting this Action. The precise amount of the award, if any, shall be determined by the Court at the Fairness Hearing. However, in no event will Plaintiffs' Counsel request more than \$5,000.00 (five thousand dollars) per Named Plaintiff.

Lee Squitieri
SQUITIERI & FEARON, LLP
32 East 57th Street, 12th Floor
New York, NY 10022
Fax: (212) 421-6553

Robert I. Harwood
HARWOOD FEFFER LLP
488 Madison Avenue
New York, NY 10022
Fax: (212) 753-3630

COUNSEL FOR DEFENDANTS:

Lewis R. Clayton
PAUL, WEISS, RIFKIND,
WHARTON, & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Fax: (212) 757-3990

Steven I. Froot
BOIES SCHILLER & FLEXNER LLP
570 Lexington Avenue
New York, NY 10022
Fax: (212) 446-2350

Dennis P. Orr
MORRISON & FOERSTER LLP
1290 Avenue of the Americas
New York, NY 10104
Fax: (212) 468-7900

Vincent A. Sama
WINSTON & STRAWN LLP
200 Park Avenue
New York, NY 10166
Fax: (212) 294-4700

David M. Murphy
WACHTELL LIPTON ROSEN KATZ
51 West 52nd Street
New York, NY 10019
Fax: (212) 403-2000

UNLESS OTHERWISE ORDERED BY THE COURT, ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED HEREIN WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION AND SHALL BE FOREVER FORECLOSED FROM MAKING ANY OBJECTION TO THE PROPOSED SETTLEMENT AND THE APPLICATION FOR ATTORNEYS' FEES AND EXPENSES AND CASE CONTRIBUTION AWARDS.

15. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 3:00 p.m. on October 7, 2008, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007-1312.

IF YOU DO NOT WISH TO OBJECT TO THE PROPOSED SETTLEMENT OR THE APPLICATION FOR ATTORNEYS' FEES AND EXPENSES AND CASE CONTRIBUTION AWARDS, YOU NEED NOT ATTEND THE FAIRNESS HEARING.

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**Questions? CALL 1-800-___-___ TOLL FREE, OR VISIT
www._____.com.
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At the hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. After the Fairness Hearing, the Court will decide whether to approve the Settlement. The Court will also rule on the motions for attorneys' fees and expenses and case contribution awards to the Named Plaintiffs. We do not know how long these decisions will take.

16. Do I have to come to the hearing?

Plaintiffs' Counsel will answer questions Judge Sprizzo may have. You are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, it will be before the Court when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You may also have your own lawyer attend the Fairness Hearing at your expense, but such attendance is not necessary.

17. May I speak at the hearing?

If you are a member of the Class and you have filed a timely objection, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re AIG ERISA Litigation*, No. 04-9387-(JES) (AJP)." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be served on the attorneys listed above, postmarked and sent via facsimile no later than September 23, 2008, and must be filed with the Clerk of the Court, postmarked no later than September 23, 2008.

The Fairness Hearing may be delayed by the Court without further notice to the Class. If you wish to attend the Fairness Hearing, you should confirm the date and time with a member of the Provisional Committee.

18. What happens if I do nothing at all?

If you do nothing and you are a Class member, you will participate in the Settlement as described above in this Notice if the Settlement is approved.

19. How do I get more information?

This Notice summarizes the proposed Settlement. Full details of the Settlement are set forth in the Settlement Agreement. You may obtain a copy of the Settlement Agreement by making a written request to a member of Plaintiffs' Counsel listed on pages 12-13. Copies of the Settlement Agreement, as well as the Preliminary Motion seeking preliminary approval of the Settlement Agreement, and the Preliminary Approval Order, may also be viewed at www._____.com.

Plaintiffs' Counsel have established a toll-free phone number to receive your comments and questions (1-800-____-____), and may also be contacted via e-mail at _____@_____.com.

**Questions? CALL 1-800-____-____ TOLL FREE, OR VISIT
www._____.com.
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EXHIBIT 5

to

**MEMORANDUM IN SUPPORT OF MOTION FOR
ORDER PRELIMINARILY APPROVING SETTLEMENT,
CERTIFYING SETTLEMENT CLASS, APPROVING
NOTICE PLAN, AND CONFIRMING FAIRNESS
HEARING**

(Summary Notice)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In Re AIG ERISA Litigation

Master File No.: 04-CV-9387 (JES) (AJP)

This Document Relates To:

All Actions

TO ALL MEMBERS OF THE FOLLOWING CLASS:

All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class"). The Settlement Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

**PLEASE READ THIS NOTICE CAREFULLY.
THIS IS A COURT ORDERED LEGAL NOTICE.
THIS IS NOT A SOLICITATION.**

A Settlement has been preliminarily approved by the federal court in a consolidated class action lawsuit alleging breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with the above-mentioned Plans. This Settlement will provide for a payment of \$24.2 million (less certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation) for alleged losses to the Plans, which will then be allocated to accounts created for Class members who had portions of their Plan accounts invested in AIG stock.

If you qualify, you may receive a portion of such allocation. You do not need to send in a claim or take any other action unless you object to the Settlement. The United States District Court for the Southern District of New York authorized this Notice.

THE COURT WILL HOLD A HEARING AT 3:00 P.M. ON OCTOBER 7, 2008 TO DECIDE WHETHER TO APPROVE THE SETTLEMENT.

Who Is Included In The Settlement?

If you were a participant in or beneficiary of one of the Plans at any time during the Class Period, and your Plan account included investments in AIG stock, or if you are a beneficiary, alternate payee, executor, administrator, Representative, or Successor-In-Interest to any such participant or beneficiary, you are a member of the Class (a "Class member"); provided, however, that the Class shall not include any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts.

What Is This Case About?

The Named Plaintiffs in the case claim that the Defendants breached fiduciary duties under ERISA by continuing to allow the investment of the Plans' assets in AIG stock, and by other related acts, during the Class Period. All of the Defendants deny they did anything wrong. The Court has not ruled in favor of any party. The Plaintiffs and the Defendants agreed to the Settlement to ensure a resolution and avoid the costs and risks of litigation with respect to the claims against the Defendants. The Defendants are the AIG Defendants and the Director Defendants. Their names are listed in the Settlement Agreement.

What Does The Settlement Provide?

A Settlement Fund of \$24.2 million will be created to be divided among eligible Class members, after payment of certain amounts described in the Settlement Agreement, including expenses associated with Class Notice, attorneys' fees and expenses, case contribution awards, taxes and other costs related to the administration of the Settlement Fund and implementation of the Plan of Allocation, as the Court may allow. A Class Action Settlement Agreement, available at the web site identified below, describes the details of the proposed Settlement. Your share of the net Settlement funds will be based on your proportionate share of the losses alleged to have been suffered by the Plans as a result of the acquisition and holding of AIG stock during the Class Period. The Settlement also releases all claims made against the Defendants in the Action.

How Do You Receive A Payment?

If you are a Class member and entitled to a share of the Settlement Fund according to the Class Action Settlement Agreement, you will not be required to do anything to receive a payment. Payment will be made directly to your account or to an account established for you. You will be notified of this account along with further instructions about how to access your portion of the Settlement Fund.

What Fees and Expenses are Being Sought By the Attorneys?

The lawyers who have prosecuted this case for the Plaintiffs and the Settlement Class on a contingent fee basis will apply to the Court for fees of no more than 30% of the settlement amount, plus reimbursement of the money they have paid out of their own pockets to advance the case. The Court must approve any fees and expenses to the attorneys.

What Are My Options – Can I Object To Or Opt Out Of The Settlement?

You cannot “opt out” or exclude yourself from the Class, but you do have the right to object to the Settlement, Plaintiffs’ Counsels’ request for payment of attorneys’ fees and expenses, compensation for Named Plaintiffs, or the Plan of Allocation by writing to the Court. The detailed notice, available at www._____.com, explains how to object. The case was certified under Federal Rule of Civil Procedure 23(b)(1) as a “non opt out” class action because of the way ERISA operates. Therefore, you will be bound by any judgments or orders that are entered in the Action and, if the Settlement is approved, you will be deemed to have released all of the Defendants and the other Released Parties¹ from all claims that were or could have been asserted in the Action, other than your right to obtain relief provided to you, if any, by the Settlement. The Court will hold a hearing in this case on October 7, 2008 at 3:00 p.m., to consider whether to approve the Settlement and a request by Plaintiffs’ Counsel: Keller Rohrback L.L.P.; Wolf Popper LLP; Squitieri & Fearon, LLP; and Harwood Feffer LLP, representing all Class members, for attorneys’ fees and litigation expenses, for case contribution awards to the Named Plaintiffs, and for other expenses. If approved, these amounts will be paid from the Settlement Fund. Although you cannot opt out of the Settlement, if you object to the Settlement, you may file a written objection with the Court, postmarked no later than September 23, 2008, as described in the Notice of Class Action Settlement. If you file a written objection with the Court, you may ask to appear at the hearing, but it is not required. At the hearing on October 7, 2008, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. If you do not want to object to the Settlement, you do not have to do anything.

How Do I Get More Information About the Settlement?

The Settlement includes a number of other important details. These include, but are not limited to, provisions relating to: (1) releases of claims by the Class; and (2) how the Settlement amount will be allocated among accounts created for eligible Class members. Details of the Settlement are contained in the Notice of Class Action Settlement, which has been mailed to all Class members, and is available at www._____.com. Counsel for the Class members have also set up a toll free number (1-800-____-____) and email address (____@____.com), to

¹ As set forth in Paragraph 3.1 of the Settlement Agreement, “Released Parties” shall include the Defendants and any person or entity that at any time during the Class Period served as a named or functional fiduciary or a trustee of the Plans, as well as any representative of any Defendant or any such person or entity, including, but not limited to, their attorneys, agents, directors, officers, and employees, and the Insurers.

assist in answering any questions Class members may have regarding the Settlement or their rights. You may contact any of Plaintiffs' Counsel in writing at:

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Please direct any questions to counsel for the Class members, and not to the Court, AIG, or any other entity.