

AIG Credit Facility Trust Frequently Asked Questions

Q: What is the AIG Credit Facility Trust (the “Trust”)?

On September 16, 2008, the Board of Governors of the Federal Reserve System, with the full support of the U.S. Treasury Department, authorized the Federal Reserve Bank of New York to extend an emergency credit facility to prevent the disorderly failure of AIG, which would have had catastrophic ramifications for the US financial system and economy. Under the terms of the credit facility, AIG was required to issue an approximately 77.9 percent controlling equity interest in AIG into a trust for the sole benefit of the U.S. Treasury (the general fund of the U.S. government) and thus the U.S. taxpayers. The Trust, which was established by the Federal Reserve Bank of New York with the full support of the Treasury Department, is overseen by three independent trustees.

Q: When was the Trust established?

On January 16, 2009, the Federal Reserve Bank of New York, with the full support of the Treasury Department, established the AIG Credit Facility Trust and appointed the trustees in accordance with the terms of the credit facility. On March 4, 2009, AIG issued to the Trust 100,000 shares of Series C Perpetual, Convertible, Participating Preferred Stock (the “Series C Preferred Stock”).

Q: Why was the Trust established?

The Trust was established to protect the interests of the U.S. Treasury and thus the U.S. taxpayers with respect to the voting equity interest in AIG by:

- Avoiding any inherent conflicts or legal impediments that could arise from either the U.S. government or the Federal Reserve Bank of New York exerting control over the world’s largest insurer;
- Placing the government’s and therefore the taxpayer’s voting interest in AIG in the hands of experienced individuals;
- Allowing taxpayers to benefit from the potential future sale of AIG shares; and

- Avoiding any possible conflicts with the Federal Reserve’s supervisory and monetary policy functions.

Q: Who are the Trustees?

The Trust is overseen by three independent trustees who are of the highest integrity and who have considerable experience leading major companies. They are Jill M. Considine, former chairman of the Depository Trust & Clearing Corporation; Chester B. Feldberg, former chairman of Barclays Americas; and Peter A. Langerman, chairman, president and chief executive officer of the Mutual Series fund group of Franklin Templeton Investments.

Q: How were they appointed?

The Federal Reserve Bank of New York selected the trustees in consultation with the Treasury Department. They were chosen based on their integrity, impeccable reputations in the marketplace and unique combination of experience successfully leading major corporations and working in the public sector.

Q: What are their responsibilities?

The trustees have absolute discretion and control over the AIG stock and exercise all rights, powers and privileges of a shareholder of AIG, all in the best interest of the U.S. taxpayers and with a view toward maximizing the value of the AIG stock held by the Trust.

Their primary responsibilities are to:

- Vote the AIG stock held by the Trust (the “Trust Stock”) at all meetings of the stockholders of AIG and at any other time such a vote is required, most importantly in connection with the election of directors of AIG;
- Develop and execute a plan to sell or otherwise dispose of the Trust Stock in a value maximizing manner (any ultimate disposition of the Trust Stock is subject to the prior approval of the Federal Reserve Bank of New York, after consultation with the Treasury Department); and

- Work with senior management and the board of directors of AIG to ensure corporate governance procedures satisfactory to the trustees.

Q: Who oversees the Trust?

The trustees are fully independent and are thus not subject to political, financial and/or other pressures or conflicts of interest that may interfere with their duties and obligations. The trustees are legally bound by the Trust Agreement to exercise all of their rights as majority owner in the best interest of the U.S. Treasury and the U.S. taxpayers.

Q: What is the Federal Reserve Bank of New York's role with regard to the Trust?

To ensure the independence of the Trust and trustees, the Trust Agreement was structured so that the Federal Reserve Bank of New York cannot exercise any discretion or control over the voting and consent rights associated with the equity interest in AIG.

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