

Morgan Stanley

October 16, 2008

CONFIDENTIAL

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

Pursuant to our recent discussions, we are pleased to confirm the arrangements under which Morgan Stanley & Co. Incorporated, acting through itself or one of its affiliates, (collectively, "Morgan Stanley") is engaged by the Federal Reserve Bank of New York (the "New York Fed") as its financial advisor in connection with the consideration and execution of strategic alternatives for American International Group, Inc. ("AIG"), including, without limitation, (i) the proposed divestitures of certain businesses and assets of AIG and its subsidiaries, and/or AIG's ownership interests in other companies (the "Business Divestitures"), including those Business Divestitures involving the businesses or material components of the businesses set forth on Schedule 1 attached hereto or otherwise agreed in writing by us and the New York Fed (such transactions being referred to herein as "Identified Transactions"); and (ii) all other significant transactions or Business Divestitures undertaken by AIG as part of its restructuring efforts during the period that the New York Fed's commitment remains outstanding under the Credit Agreement (the "New York Fed Credit Agreement") dated as of September 22, 2008 between AIG and the New York Fed (the "Oversight Transactions"). Morgan Stanley will also act as financial advisor to the New York Fed in connection with any sale of some, all or a majority of the common stock of AIG by the New York Fed and, to the extent directed by the New York Fed in writing, the resolution of the credit default swap portfolio in AIG Financial Products Corp. ("AIG FP").

Each of the New York Fed and Morgan Stanley represents and warrants that (a) it has all requisite authority to enter into this agreement, (b) the terms of this agreement do not conflict with any obligation by which it is bound, whether arising by contract, operation of law or otherwise, and (c) this agreement has been duly authorized by all requisite action.

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Despite the formation of separate teams as described above, the New York Fed recognizes that the separate teams will share access to certain Morgan Stanley specialists to the extent reasonably required to provide the advisory services contemplated hereby, which may include heads of or senior members of equity and fixed income capital markets and leveraged finance, equity and fixed income research professionals, bank loan, equity and fixed income syndicate professionals, senior investment bankers with industry expertise, credit professionals and members of their respective legal and compliance departments (collectively, the "Other Persons"). Although much of the information provided to the Other Persons will be of a generic nature, specific confidential information from the New York Fed may be disclosed to the Other Persons so they can assist the teams in their respective roles.

Morgan Stanley acknowledges and agrees that the terms of the Confidentiality and Nondisclosure Agreement between Morgan Stanley and the New York Fed, dated as of September 28, 2008 (the "NDA"), applies to the engagement described herein. Morgan Stanley shall provide the New York Fed, at the New York Fed's request, with certain applicable internal ethics policies and procedures put in place to govern the conduct of its employees. Consistent with the provisions of the NDA, these policies and procedures are reasonably designed to maintain the confidentiality of information received by Morgan Stanley in connection with the engagement described herein, and to ensure that such confidential information is disclosed only to those personnel assigned to such engagement.

During the term of our engagement, Morgan Stanley will provide the New York Fed with financial advice and assistance in connection with this assignment, including, as appropriate, (i) with respect to the Identified Transactions, advice and assistance with respect to defining objectives, performing valuation analyses, and structuring, planning and negotiating any such Identified Transactions, and (ii) with respect to the Oversight Transactions, general advisory services, including oversight, analysis and advice with respect to such transactions typical for a non-lead role. Please be advised that Morgan Stanley does not provide accounting, tax or legal advice.

Notwithstanding the fact that certain elements of our fee structure (as described below) are tied to transactions to be undertaken by AIG, Morgan Stanley will act under this letter agreement as an independent contractor with duties and obligations solely to the New York Fed and only as set forth in this letter agreement. Because we will be acting solely on behalf of the New York Fed in this capacity, it is our practice to receive indemnification. A copy of our standard indemnity form has been provided to the New York Fed and, as discussed, the New York Fed will execute such indemnity agreement in the form attached hereto as Annex A for the benefit of Morgan Stanley.

As you know, our fees for services in connection with the types of transactions contemplated herein depend on the outcome of the assignment and are designed to reflect our contribution to a major corporate objective. It is our practice to charge an "Advisory Fee," which is intended to reimburse us for our time and efforts expended in connection with this assignment. Accordingly, with respect to our work on the Oversight Transactions, we will charge an Advisory Fee of \$4,000,000 payable on the 10th day following the date this letter agreement is executed, plus \$2,500,000 per calendar quarter (or any part thereof), beginning with the calendar quarter commencing on October 1, 2008 and ending on the date that is the earlier of (i) the date of termination of the New York Fed's commitment to lend under the New York Fed Credit Agreement, and (ii) the date of closing of the last remaining Oversight Transaction, as determined by the New York Fed in its sole discretion, such time period to be subject to modification as agreed in writing between Morgan Stanley and the New York Fed. Payments of quarterly Advisory

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Fees shall be payable in advance on the last day of each calendar quarter, and on termination of this letter agreement.

In the event that the closing of an Identified Transaction occurs within two years of the date of this letter, we will charge a separate "Transaction Fee" for each such Identified Transaction equal to the fee percentage applicable to such Identified Transaction in the table in Annex B attached hereto, as such Annex may be amended from time to time by mutual written agreement of the parties, times the Equity Value (as defined below) of such Identified Transaction. For the avoidance of doubt, the Transaction Fee for each successive Identified Transaction shall be calculated on a stand-alone basis, and the Equity Values of such Identified Transaction shall not be aggregated for purposes of calculating each successive Transaction Fee.

The "Equity Value" of any Identified Transaction shall be the value of the consideration paid per share of common stock times the total number of common shares (including the number of shares which would be outstanding upon the exercise of any in-the-money securities, including among others, options, convertible debt, convertible preferred stock or warrants) of the business or entity of AIG divested (or in the case of a sale or purchase of assets, including any such transaction effected by reinsurance, the consideration paid for the equity that would support such assets). In calculating the Equity Value of each Identified Transaction, to the extent that the consideration to be paid to AIG consists of the common stock of the buyer, then the value of such common stock to be used to calculate Equity Value shall be based on the volume weighted average of the closing price of such common stock over the ten trading day period up to and including the trading day preceding the day of announcement of such Identified Transaction. Any amounts to be paid by the buyer contingent upon future events shall be estimated for purposes of the Transaction Fee calculation at an expected value mutually agreeable to the New York Fed and to us at the time of closing, except that amounts held in escrow shall be deemed paid at closing.

In the event that Equity Value is not the appropriate measure of the value of any given Identified Transaction, we will propose appropriate compensation in lieu of the Transaction Fee described in the preceding paragraphs for our services in connection with such Identified Transaction consistent with our usual practice, but any actual fee that may be payable hereunder to us in that circumstance will require mutual written agreement between us and the New York Fed.

The full Transaction Fee in connection with a completed Identified Transaction will become payable and will be paid upon closing of such Identified Transaction.

For advisory services related to (i) any sale of some, all or a majority of the common stock of AIG or any other transaction involving the sale or issuance of a significant amount of equity or debt securities of AIG, including any sale of securities of AIG by the New York Fed, or (ii) the sale or restructuring of assets or liabilities of AIG other than the Oversight Transactions, including any transaction involving the credit default swap portfolio of AIG FP or any refinancing or restructuring of the loans extended by the New York Fed to AIG or any securities of AIG held by the New York Fed, we will propose appropriate compensation for such services in connection with such transactions consistent with our usual practice, but any actual fee that may be payable hereunder to us in that circumstance will require mutual written agreement between us and the New York Fed.

It is possible that this assignment may lead to an outcome not anticipated in this letter or may require more of our time and efforts than initially anticipated. In such event, we would propose appropriate compensation that may be in addition to the fees already described in this letter for our services in connection with such transaction consistent

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with our usual practice but any actual fee that may be payable hereunder to us in that circumstance will require mutual written agreement between us and the New York Fed.

Morgan Stanley will rely on the accuracy and completeness, without verifying it independently, of any information we receive or review in connection with this engagement. We will not independently evaluate or appraise any assets or liabilities that may be involved in this engagement. We will assume that any forecasted financial information reflects the best available estimates of future financial performance. Any advice or opinions Morgan Stanley provides for this assignment may not be disclosed or referred to publicly or to any third party except in accordance with our prior written consent, except outside counsel, other advisors, agents, or independent contractors of the New York Fed, including auditors, and provided that the New York Fed may disclose any information related to its engagement of Morgan Stanley to (i) the Board of Governors of the Federal Reserve System, (ii) the United States Department of the Treasury, (iii) any other governmental body with oversight responsibility over this engagement, (iv) any other regulatory body, agency, or official with a basis to legitimately expect information about the Project, or (v) as otherwise required by law (collectively, "Permitted Recipients"); provided that the New York Fed, to the extent legally permissible, makes reasonable efforts to provide Morgan Stanley, in advance of any such disclosure, with prompt written notice of such disclosure.

Notwithstanding anything herein to the contrary, Morgan Stanley and the New York Fed agree that the New York Fed (and its employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind from the commencement of discussions, the U.S. federal and state income tax treatment and tax structure of any transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the New York Fed relating to such tax treatment and tax structure, except where confidentiality is reasonably necessary to comply with securities laws. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal and state income tax treatment of any transaction and does not include information relating to the identity of the parties, their affiliates, agents or advisors.

Please note that this letter does not constitute a commitment by Morgan Stanley to underwrite or place any securities or make any loan and that such commitment will exist only if and when the parties enter into a definitive underwriting, placement or loan agreement which contains Morgan Stanley's customary terms, including compensation and indemnification. In addition, in accordance with its customary practices, Morgan Stanley's policy requires formal approval by the appropriate Morgan Stanley Commitment Committee prior to entering into such underwriting, placement or loan agreement.

In addition to any of the foregoing fees for professional services, we will separately bill our expenses from time to time, provided that reimbursement for any such expenses to be incurred in excess of an aggregate amount of \$5,000,000 shall require the express prior written consent of the New York Fed. Generally the expenses referred to in this paragraph include travel costs, document production and other expenses of this type, and will also include the fees of outside counsel and other professional advisors should they be engaged with the prior written consent of the New York Fed. Morgan Stanley will provide on a quarterly basis reasonable documentation of such expenses to be reimbursed.

Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time, subject to compliance with federal securities laws, the information

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will restrictions described herein, and Morgan Stanley's other applicable policies and procedures, invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of AIG, or any other company, or any currency or commodity, that may be involved in any transaction, or any related derivative instrument. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for and received compensation from AIG, have provided such services to and received compensation from other parties now or that may become involved in transactions involving AIG and may seek in the future to provide financial services to and receive compensation from such parties.

During the term of this engagement, Morgan Stanley agrees to seek consent from the New York Fed prior to entering into any transaction or agreeing to any engagement, in each case involving AIG, that Morgan Stanley determines in good faith, based on, and in accordance with, our customary conflicts clearance policies and procedures, will give rise to an actual conflict of interest with respect to the engagement described in this letter. With respect to any such future transaction or engagement involving AIG that occurs during the term of this engagement, Morgan Stanley agrees that it will take appropriate and customary steps and precautions to insure that no information held or received by Morgan Stanley by virtue of its engagement described herein will be shared with or become available to any of the investment banking professionals assigned to perform services related to such future transaction or engagement.

Morgan Stanley (on its own behalf and, to the extent permitted by law, on behalf of its shareholders) and the New York Fed each waives any right to trial by jury in any action, claim, suit or proceeding with respect to Morgan Stanley's engagement as financial advisor or its role in connection therewith.

Morgan Stanley shall maintain appropriate books of account and records relating to services performed hereunder, including reasonable documentation of conflict of interest issues relating to the engagement described in this letter that may arise in the normal course of our customary conflict clearance policies and procedures, to the extent and in the manner in which Morgan Stanley typically documents such conflict of interest issues. Morgan Stanley shall either retain such records for as long as it is performing services under this agreement or provide the records (or copies of such records) to the New York Fed prior to destruction of the records under Morgan Stanley's normal record retention policy. The New York Fed shall have the right, at any time during the term of this agreement, to audit Morgan Stanley's performance to determine whether Morgan Stanley is acting in compliance with all of the requirements of this agreement. Morgan Stanley will cooperate fully in making its premises and all relevant information and personnel related to its performance pursuant to this agreement available at reasonable times and on reasonable notice to such auditors as is requested. The foregoing right to audit shall not be construed to limit, revoke or abridge any other rights, powers or obligations to audit Morgan Stanley that the New York Fed may have under any applicable state or federal law or regulation. The New York Fed's board of directors or its audit committee may share audit reports with Permitted Recipients, but only to the extent deemed necessary by the New York Fed. In addition to the New York Fed's right to audit Morgan Stanley, Morgan Stanley acknowledges that, with or without prior notice, the Board of Governors of the Federal Reserve System and other governmental oversight entities, may conduct audits and ad-hoc reviews of the services provided by Morgan Stanley under this agreement.

No assignment of this agreement by Morgan Stanley may be made without the consent of the New York Fed, and any such assignment made without such consent shall be null and void for all purposes. Subject to the foregoing,

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this agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and permitted assigns. Any term or provision of this agreement that is invalid or unenforceable in any applicable jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this agreement in any jurisdiction.

This agreement and the rights and obligations herein shall be governed by Federal law, and in the absence of controlling Federal law, in accordance with the laws of the State of New York, notwithstanding New York's conflict of law rules. Any legal action, suit or proceeding arising out of or in connection with this agreement shall only be brought in the United States District Court for the Southern District of New York. For these purposes, the New York Fed and Morgan Stanley submit to the jurisdiction of such court.

This agreement may be executed in counterparts, each of which shall be an original but all of which together shall constitute one agreement.

No failure on the part of Morgan Stanley or the New York Fed to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power, privilege or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by Morgan Stanley or the New York Fed of any right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. The rights, powers, privileges and remedies herein provided are cumulative and are not exclusive of any rights, powers, privileges and remedies provided by law.

Our services hereunder may be terminated with or without cause by the New York Fed without notice, or by us upon 10 days' notice and without liability or continuing obligation on the part of the New York Fed or us (except for any compensation earned and expenses incurred by us to the date of termination and except, in the case of termination by the New York Fed other than for cause, for our right to fees pursuant to this letter for any transactions effected within the earlier of (i) two years from the date of this letter and (ii) one year of such termination) and provided that the indemnity, non-disclosure, choice of law, selection of jurisdiction and jury trial waiver provisions will remain operative regardless of any such termination. For purposes of this letter agreement, "cause" shall mean a party's conduct that is determined to be gross negligence or bad faith.

This letter agreement, the NDA, the schedules and annexes hereto and the related indemnity agreement represent the entire agreement between the New York Fed and Morgan Stanley with respect to this engagement and may only be amended in a writing executed by both parties.

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If the terms of our engagement as set forth in this letter are satisfactory, kindly sign the enclosed copy of this letter and indemnification form and return them to us.

We look forward to working with the New York Fed on this very important assignment.

Very truly yours,

MORGAN STANLEY & CO.
INCORPORATED

Accepted and agreed to:

THE FEDERAL RESERVE BANK OF NEW
YORK

Date: 10/17/08

SCHEDULE 1

IDENTIFIED TRANSACTIONS

Transaction Fees shall be payable with respect to Business Divestitures by AIG involving the businesses or material components of the following businesses, should they occur (including divestitures of individual subsidiaries thereof, should such divestitures occur separately):

AIG Star Life Insurance Company, Ltd. / AIG Edison Life Insurance Company, Ltd.

American International Assurance Company, Ltd. (AIA)

American Life Insurance Company (ALICO)

International Lease Finance Corporation (ILFC)

AIG's Domestic Life business line

(including, but not limited to, the following companies, whether divested as part of a single transaction or separately):

AIG Life Insurance Company

American General Assurance Company

American General Indemnity Company

American General Life and Accident Insurance Company

American General Life Insurance Company

American International Life Assurance Company of New York

The United States Life Insurance Company in the City of New York

AIG's Domestic Retirement Services business line

(including, but not limited to, the following companies, whether divested as part of a single transaction or separately):

AIG Annuity Insurance Company

AIG Retirement Advisors, Inc.

AIG Retirement Services Company

AIG SunAmerica, Inc.

Variable Annuity Life Insurance Company

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ANNEX A - INDEMNIFICATION AGREEMENT

*Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036*

Ladies and Gentlemen:

This letter will confirm that we have engaged Morgan Stanley & Co. Incorporated to advise us in connection with the matters referred to in our letter agreement dated October 16, 2008 (the "Engagement Letter"). In consideration of your agreement to act on our behalf in connection with such matters, we agree to indemnify and hold harmless you and your affiliates and your and their respective officers, directors, employees and agents and each other person, if any, controlling you or any of your affiliates (you and each such other person being an "Indemnified Person") from and against any losses, claims, damages or liabilities related to, arising out of or in connection with the engagement (the "Engagement") under the Engagement Letter, and will reimburse each Indemnified Person for all expenses (including fees and expenses of counsel) as they are incurred in connection with investigating, preparing, pursuing or defending any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagement, whether or not pending or threatened and whether or not any Indemnified Person is a party. We will not be responsible, however, for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of any Indemnified Person. We also agree that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to us for or in connection with the Engagement except for any such liability for losses, claims, damages or liabilities incurred by us that are finally judicially determined to have resulted from the bad faith or gross negligence of such Indemnified Person. In order to recover under this indemnity, upon receipt by an Indemnified Person of actual notice of any action, claim, suit or proceeding (collectively, an "Action") against such Indemnified Person with respect to which indemnity may be sought under this agreement, an Indemnified Person must provide reasonably prompt notice to us, provided that the failure to provide notice shall only limit the indemnification provided hereby to the extent of any incremental expense or actual prejudice as a result of such failure.

We may, in our sole discretion, and at our expense, control the defense of any Action brought to enforce any claim or liability of any Indemnified Person resulting from any such Action including, without limitation, designating counsel for the Indemnified Person(s) and, subject to the terms of the immediately following paragraph, controlling all negotiations, litigation, arbitration, settlements, compromises and appeals of any Action; provided that (i) we shall engage and pay the expenses of separate counsel for the Indemnified Person(s) to the extent that our interests are in conflict with those of the Indemnified Person(s) or the use of counsel chosen by us to represent the Indemnified Person would present such counsel with a conflict of interest, and (ii) the Indemnified Person(s) shall have the right to approve the counsel designated by us, which consent shall not be unreasonably withheld. We will not, without your prior written consent, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, claim, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnified Person is a party thereto) unless such settlement, compromise, consent or termination includes a release of each Indemnified Person from any liabilities arising out of such action, claim, suit or proceeding. No Indemnified Person seeking indemnification, reimbursement or contribution under this agreement will, without our prior written consent, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, claim, suit, investigation or proceeding referred to in the preceding paragraph.

If the indemnification provided for in the first paragraph of this agreement is judicially determined to be unavailable (other than in accordance with the terms hereof) to an Indemnified Person in respect of any losses, claims,

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damages or liabilities referred to herein, then, in lieu of indemnifying such Indemnified Person hereunder, we shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits to you, on the one hand, and us, on the other hand, of the Engagement or (ii) if the allocation provided by clause (i) above is not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of each of you and us, as well as any other relevant equitable considerations; provided, however, in no event shall your aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by you under the Engagement Letter. For the purposes of this agreement, the relative benefits to us and you of the Engagement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid or received or contemplated to be received by us or our stockholders, as the case may be, in the transaction or transactions that are the subject of the Engagement, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to you under the Engagement Letter.

The provisions of this agreement will remain operative regardless of any modification, completion or termination of the Engagement or the Engagement Letter. This agreement and the Engagement Letter shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state.

Very truly yours,

FEDERAL RESERVE BANK OF NEW YORK

Accepted:

MORGAN STANLEY & CO. INCORPORATED

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ANNEX B – FEE SCHEDULE

For Identified Transactions with an Equity Value between \$300 million and \$500 million, the Transaction Fee will be calculated using a fee percentage of 100 basis points; for Identified Transactions with an Equity Value in excess of \$20 billion, the Transaction Fee will be calculated using a fee percentage of 15 basis points; and for Identified Transactions with an Equity Value in between the values shown in the table below, the applicable fee percentage to be used for purposes of calculating the Transaction Fee will be interpolated on a straight-line basis from the two nearest fee percentages. For any Identified Transaction with an Equity Value less than \$300 million, we will charge a Transaction Fee to be mutually agreed at such time.

Equity Value (SMM)	MS Fee Percentage (basis points)	MS Transaction Fee (SMM)
300-500	100	5.0
1,000	75	7.5
2,000	55	11.0
3,000	45	13.5
4,000	39	15.6
5,000	35	17.5
6,000	31	18.6
7,000	28	19.6
8,000	25	20.0
9,000	23	20.7
10,000	22	22.0
15,000	17	25.5
20,000	15	30.0

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June 18, 2009

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

Pursuant to our recent discussions, we are pleased to confirm the adaptation of the arrangements under which Morgan Stanley & Co. Incorporated, acting through itself or one of its affiliates, (collectively, "Morgan Stanley") has been engaged by the Federal Reserve Bank of New York (the "New York Fed") as its financial advisor in connection with the consideration and execution of strategic alternatives for American International Group, Inc. ("AIG"), pursuant to the engagement letter dated October 16, 2008 between the New York Fed and Morgan Stanley (the "Engagement Letter"). As you know, Morgan Stanley has worked since September 2008 with the New York Fed to analyze, consider, develop and execute a number of strategic and restructuring actions and alternatives for AIG, several of which were announced on March 2, 2009. As a result of its revised restructuring plan, we understand that AIG intends to take a number of actions in order to repay the New York Fed and the United States Treasury Department, and this letter is intended to amend the terms of our Engagement Letter to contemplate the revised restructuring plan. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Engagement Letter.

Amendment to Schedule 1 and Fees for Identified Transactions

As we have discussed, Schedule 1 of the Engagement Letter shall be amended to add the following businesses of AIG, any divestment of which would represent an Identified Transaction under the terms of the Engagement Letter:

AIG's Global Property and Casualty business line, including the businesses variously referred to as AIU Holdings, the Commercial Insurance Group and Foreign General (including, but not limited to, the following companies, whether divested as part of a single transaction or separately in a series of transactions):

AIU Holdings LLC
AIG Property Casualty Group, Inc.
AIG Commercial Insurance Group, Inc.
AIU Insurance Company
American International Underwriters Overseas Ltd.

American General Finance, Inc.
American General Finance Corporation
Nan Shan Life Insurance Company, Ltd.
United Guaranty Corporation and its subsidiaries

In the event that Morgan Stanley receives Transaction Fees equal to or greater than \$5 million for each of at least three Identified Transactions, we agree to reduce our Transaction Fees (as calculated in accordance with the fee

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schedule set forth in Annex B of the Engagement Letter) in an amount equal to 20% for any subsequent Identified Transaction with respect to which Transaction Fees are payable.

Initial Public Offerings and Structured Financing Transactions

The Engagement Letter originally contemplated Business Divestitures via asset sales to corporate or private parties. Given the new scope of restructuring alternatives and the potential for initial public offerings of securities of the businesses identified in Schedule 1 in lieu of these asset sales, the Engagement Letter shall be amended to insert the following paragraphs immediately after the paragraph stating that “The full Transaction Fee in connection with a completed Identified Transaction will become payable and will be paid upon closing of such Identified Transaction”:

“In addition, if at any time within two years of the date of this letter, AIG or the applicable issuer of securities, as the case may be (each, an “Applicable Issuer”), files a registration statement or effects an initial public offering (“IPO”) of equity securities for any of the businesses identified in Schedule 1 of this letter, as it may be amended from time to time, the New York Fed shall, to the extent that it has the power or authority to do so in connection with a specific transaction, retain or appoint Morgan Stanley to act as a global coordinator and lead book-running manager, as applicable, in connection with any such IPO, in each case upon customary terms, conditions, fees and indemnification, and subject to documentation, including but not limited to an underwriting or other similar agreement, to be mutually agreed based upon similar precedent IPOs of private companies (it being understood that Morgan Stanley, in such capacities, will perform the duties and exercise the authority customarily associated with such roles). The fees payable to Morgan Stanley in connection with any such IPO shall be determined in accordance with the process and guidelines described in Annex C attached hereto. If at any time during the term of the engagement described in this letter, any Applicable Issuer effects any secondary offering of preferred or equity securities following an IPO described in the previous two sentences, the New York Fed shall, to the extent that it has the power or authority to do so in connection with such secondary offering, retain or appoint Morgan Stanley to act as global coordinator and lead book-running manager, as applicable, in connection with any such transaction. In accordance with our customary practices, Morgan Stanley’s policy requires formal approval by the appropriate Morgan Stanley Commitment Committee prior to entering into any underwriting agreement, and no commitment by Morgan Stanley to underwrite or place any securities shall exist unless and until a definitive underwriting agreement has been executed.

If at any time within two years of the date of this letter AIG effects a securitization, _____ or other structured financing transaction (“Structured Financing Transaction”) for any of the businesses identified in Annex D of this letter, as it may be amended from time to time, the New York Fed shall, to the extent that the New York Fed is directly participating in a specific transaction and has the power or authority to do so, retain or appoint Morgan Stanley as a lead structuring advisor and placement agent, as applicable, in connection with such Structured Financing Transaction, in each case subject to the fee schedule set forth in Annex D and upon customary terms, conditions, and indemnification, and subject to documentation to be mutually agreed, based upon similar precedent transactions.

In the event that Morgan Stanley receives fees equal to or greater than \$5 million for at least three Structured Financing Transactions, we agree to reduce our fees (as calculated in accordance with the fee schedule set forth in Annex D) in an amount equal to 20% for any subsequent Structured Financing Transaction with respect to which fees are payable in accordance with the previous paragraph.”

Annexes C and D attached hereto are hereby inserted into the Engagement Letter as Annexes C and D thereto.

For the avoidance of doubt, the parties acknowledge and agree that the fee schedule set forth in Annex B of the Engagement Letter applies to any Business Divestitures in the form of asset sales and shall not be applicable in

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determining the appropriate fees to be paid to Morgan Stanley in connection with any IPO or Structured Financing Transaction.

Except as otherwise amended by this letter, all other terms of the Engagement Letter, including the related indemnity agreement, remain in full force and effect.

If the terms of this amendment to the Engagement Letter are satisfactory, kindly sign this letter as indicated below and return a copy to our attention.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

Accepted and agreed to:

THE FEDERAL RESERVE BANK OF NEW YORK

Annex C

IPO Structure and Economics

Privileged. All information contained in this document shall not be disclosed outside the Federal Reserve System or the U.S. Government, consistent with the Freedom of Information Act (5 U.S.C. 552). Information being delivered to the Federal Reserve Bank of New York by Morgan Stanley, as a contractor and paid consultant to the Federal Reserve Bank of New York, is for the exclusive use by Federal Reserve Bank of New York in its deliberative process antecedent to its adoption of an internal decision. Morgan Stanley has no interest or stake in the outcome of that decision-making process. Information delivered by the Federal Reserve Bank of New York to Morgan Stanley remains under the control of the Federal Reserve Bank of New York and is part of its deliberative process.

Executive Summary

Objectives of Presentation

- Outline key elements of a typical IPO process and timetable
- Highlight roles of various parties in an IPO
 - Understand Morgan Stanley’s roles, as well as the roles of other underwriters
- Illustrative economic framework of an IPO
 - Fees and distribution amongst underwriters
- Typical decision points on the timetable relevant to underwriters

Key Takeaways

- IPO process can be lengthy – often over a year with multiple decision points
- AIG and FRBNY can jointly conduct a transparent process to select underwriters through a commonly executed methodology
- While lead underwriters are often chosen in the early stages of an IPO process, final economics are determined at the end of the process
 - Based on size of ultimate deal, market conditions and fee precedents at the time
 - Relative contributions of various lead bookrunners throughout the process
 - FRBNY and AIG have discretion to determine economics
- Morgan Stanley’s role will be 1 of up to 5 total bookrunners, who will collectively participate in the economics

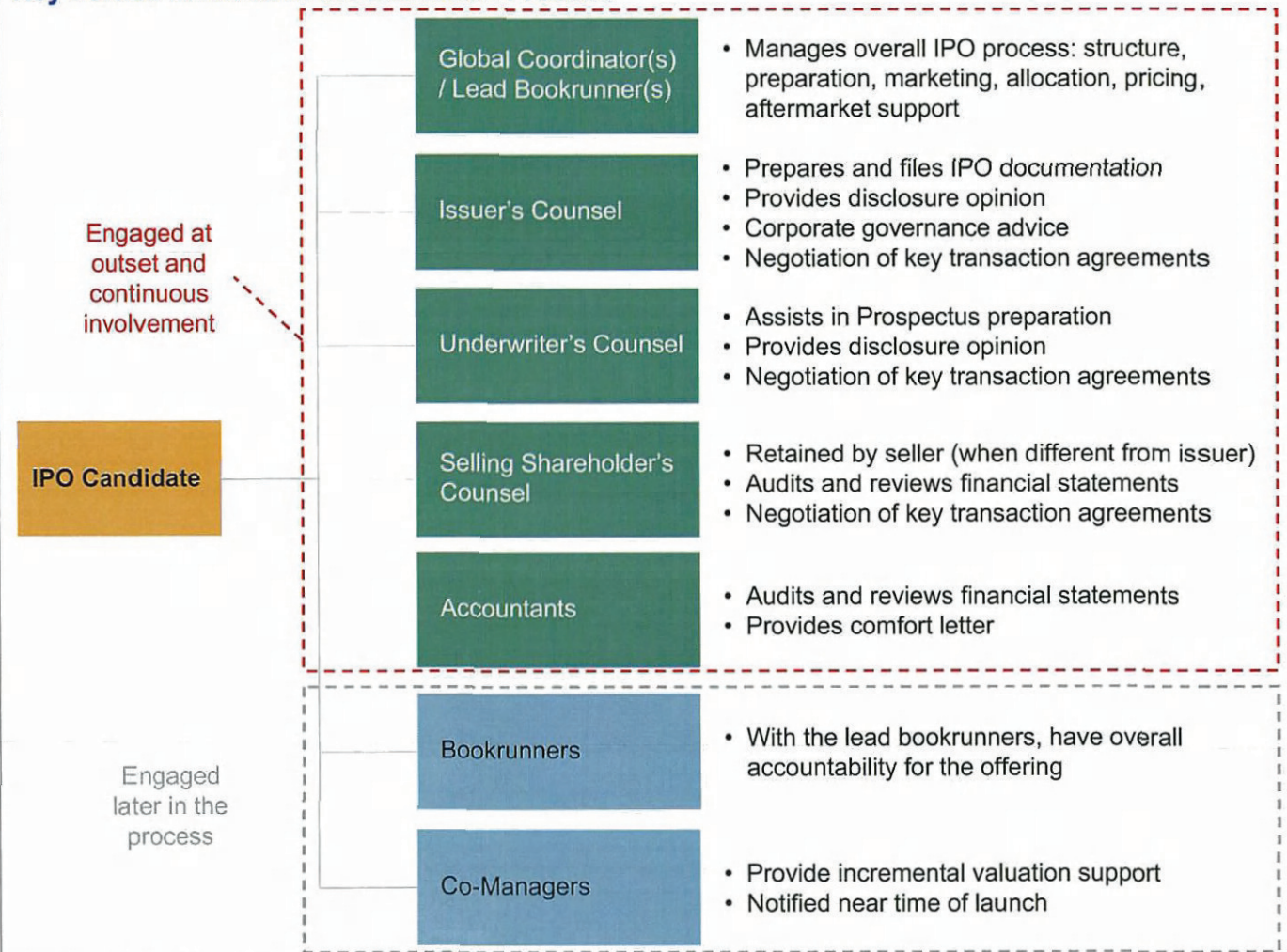
IPO STRUCTURE AND ECONOMICS

Key Advisors Engaged in the IPO Process

The IPO Team

- Various outside advisors play key roles in preparing companies to go public

Key Parties Involved in the Execution Process

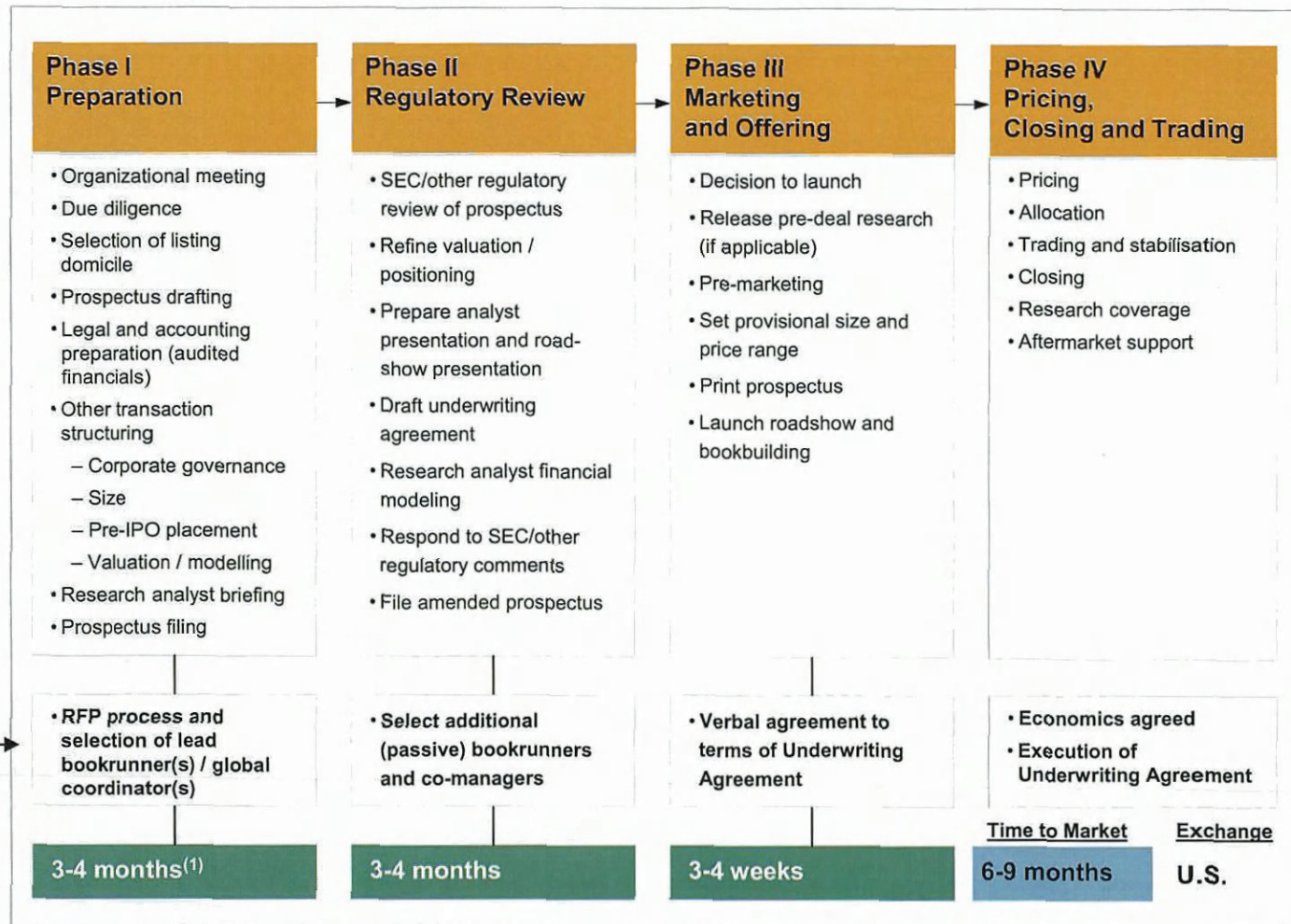


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IPO STRUCTURE AND ECONOMICS

Summary IPO Process Timeline

- IPO process is often 6-9 months or more
- Various members of the underwriting team become involved at various points in the process timeline



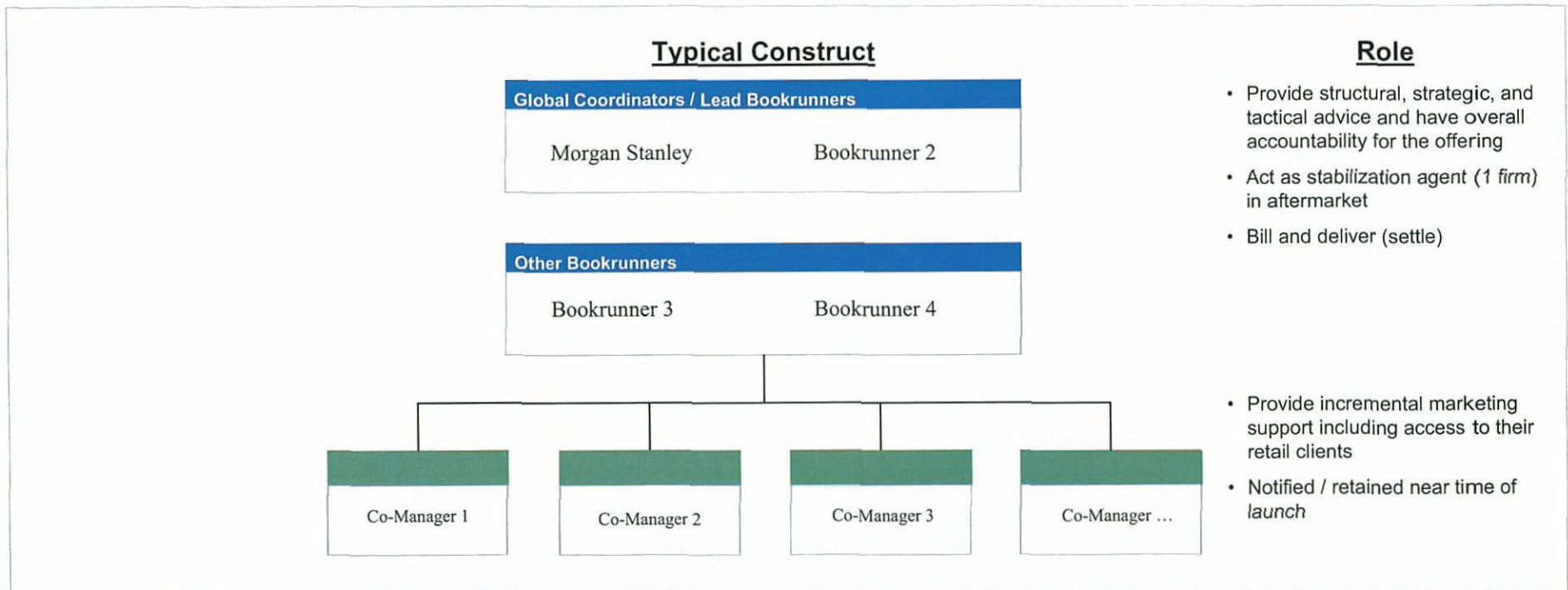
Key underwriter milestones →

Note

1. May be longer, depending on timing of preparation / completion of entity level financials

Composition of Team

- For large IPO's, typical structure has several tiers:
 - **Global Coordinator(s) / Lead Bookrunner(s): 1-2 firms**
 - **Other Bookrunners: 2-3 firms**
 - **Co-Managers: 5-10 firms**



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IPO STRUCTURE AND ECONOMICS

Sample IPO Prospectus Cover – U.S.

- U.S. deals often have a few firms that operate as “Lead Bookrunners”

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IPO STRUCTURE AND ECONOMICS

Sample IPO Prospectus Cover – Hong Kong

- Hong Kong deals use the nomenclature of “Global Coordinators” when filling out the bookrunners

IPO STRUCTURE AND ECONOMICS

Introduction to IPO Fees and Underwriter Economics

- Underwriters earn a percentage of the gross proceeds raised in an IPO – the “gross spread”
 - 100% success-based
- Gross spreads are agreed between underwriters and issuers / sellers in consideration of multiple factors
 - *Precedent fees for IPOs of similar size*
 - Issuer domicile and listing
 - Syndicate structure
 - Offering-specific issues
- The gross spread is finalized at the time of launching the IPO
 - Discussed earlier in the process
- The gross spread is shared among all of the underwriters in an IPO
 - Includes both fixed and variable components based on role in the IPO process and contribution to the IPO
 - Breakdown among underwriters established early in the process and communicated to underwriters as they become involved, subject to finalization at the time of launch

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IPO STRUCTURE AND ECONOMICS

Precedent IPO Gross Spreads

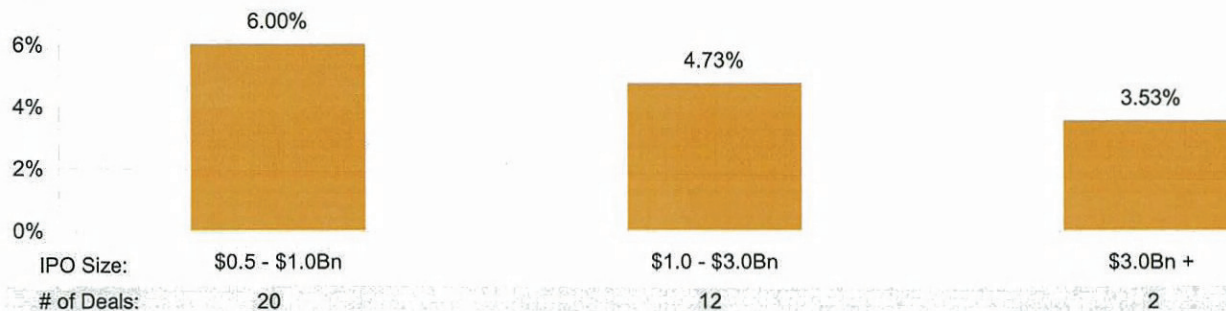
- Gross spreads are agreed between underwriters and issuers / sellers in consideration of multiple factors
 - Precedent fees for IPOs of similar size
 - Issuer domicile and listing
 - Syndicate structure
 - Offering-specific issues

U.S. IPOs

2006 to Date ⁽¹⁾

Median Gross Spread (%)

8%



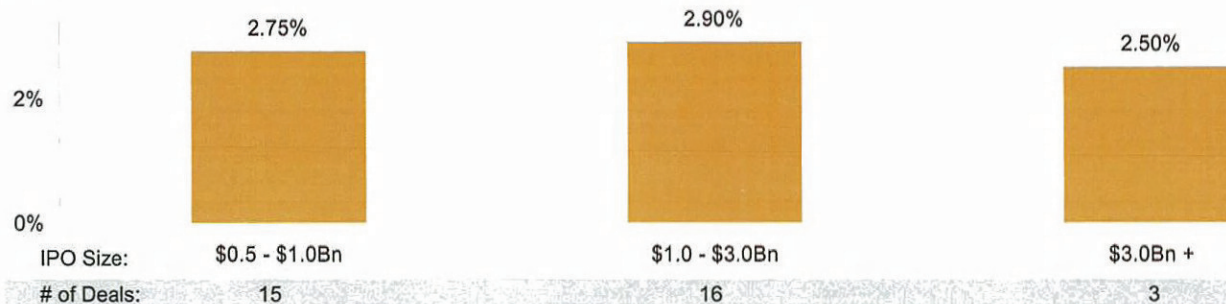
Source Dealogic

Hong Kong IPOs

2006 to Date ⁽¹⁾

Median Gross Spread (%)

4%



Source Dealogic

Note

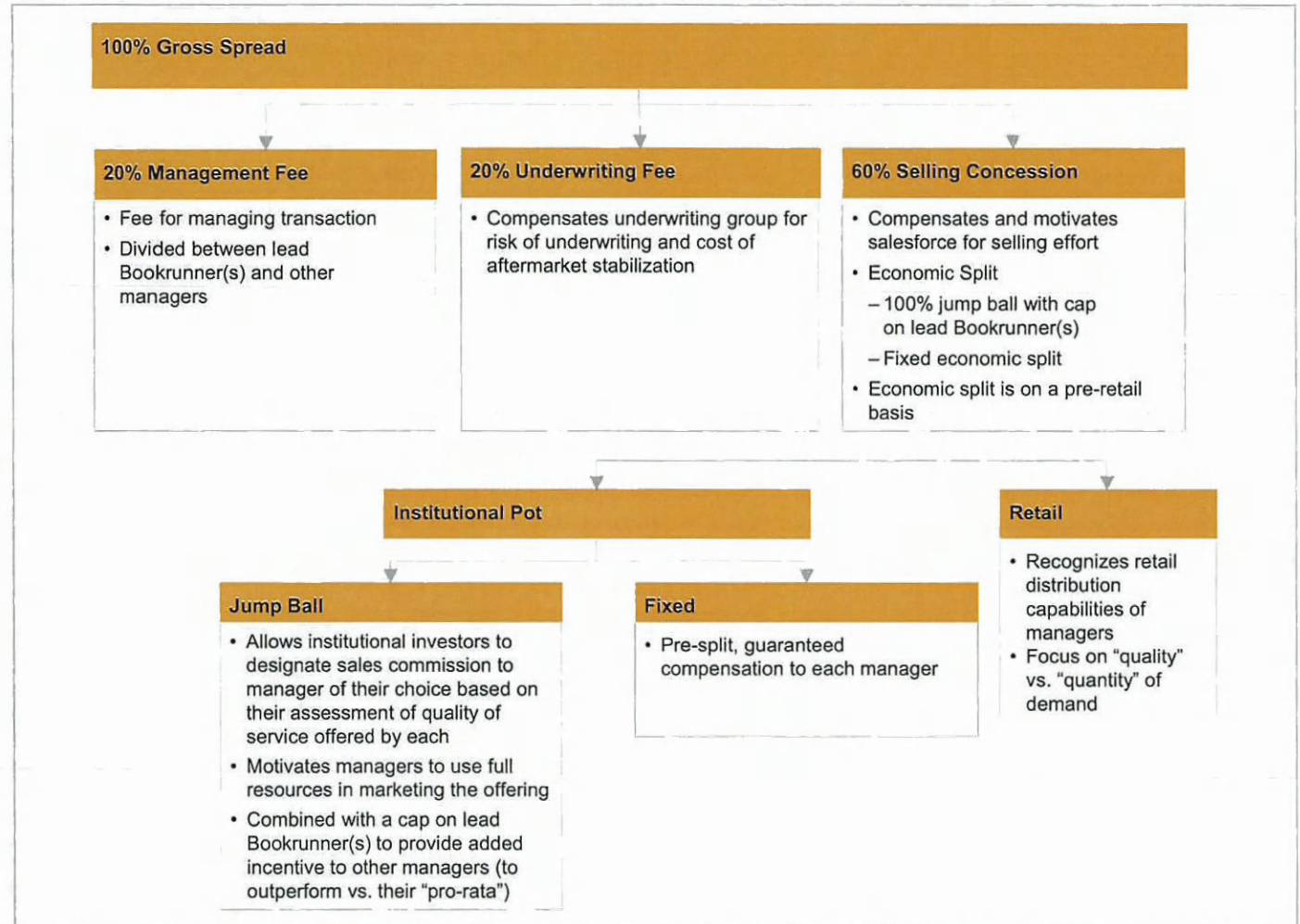
1. As of 4/15/09; U.S. issuers with primary / sole listing on a U.S. exchange at IPO; excludes REITs, BDCs, CEFs; H.K. IPOs excluding Chinese A-Share

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IPO STRUCTURE AND ECONOMICS

Illustrative Breakdown of Syndicate Economics

- Gross spread is determined based on:
 - Market precedents, including public and private sector
 - Deal size, syndicate structure
 - Listing venue
- Gross spread is divided into 3 sub-categories
 - 20% Management
 - 20% Underwriting
 - 60% Selling Concession
- Management and underwriting fees are fixed
- The Selling Concession can be structured as either variable (“jump ball”) or fixed, with most “jump ball”
- “Jump ball” allows underwriters to earn a greater share of Selling Concession based on their selling effort
- Bookrunners typically receive 75% to 85% of total economics



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IPO STRUCTURE AND ECONOMICS

Illustrative Economics – 2 Bookrunners Example

U.S. \$3Bn+ IPO

Key Assumptions

- Syndicate
 - 2 Bookrunners
 - 5 Co-managers
- Gross Spread Breakdown
 - Management 20%
 - Underwriting 20%
 - Selling Concession 60%
- Distribution
 - 80% Institutional / 20% Retail
- Institutional Selling Concession
 - 100% Jump Ball
 - 75% Cap to Bookrunners
- Retail Selling Concession
 - Paid to Firm Distributing Shares

Economics

	Management Fee (20%)		Underwriting Fee (20%)		Selling Concession (60%)		Total Transaction Economics ⁽¹⁾
	Percent (%)		Percent (%)		Institutional	Retail	Percent (%)
					Percent (%)	Percent (%)	
Bookrunner(s): 2							
Morgan Stanley	35.00%	35.00%	37.50%	35.00%			35.82%
Bookrunner	35.00%	35.00%	37.50%	35.00%			35.82%
Senior Co-Manager(s): 5							
Co-Manager	6.00%	6.00%	5.00%	6.00%			5.67%
Co-Manager	6.00%	6.00%	5.00%	6.00%			5.67%
Co-Manager	6.00%	6.00%	5.00%	6.00%			5.67%
Co-Manager	6.00%	6.00%	5.00%	6.00%			5.67%
Co-Manager	6.00%	6.00%	5.00%	6.00%			5.67%
Total Amongst Underwriters	100.00%	100.00%	100.00%	100.00%			100.00%

Note
1. Pre-shoe, pre-expenses

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IPO STRUCTURE AND ECONOMICS

Illustrative Economics – 4 Bookrunners Example

U.S. \$3Bn+ IPO

Key Assumptions

- Syndicate
 - 2 Global Coordinators / Lead Bookrunners
 - 2 Junior Bookrunners
 - 4 Senior Co-managers
 - 4 Junior Co-managers
- Gross Spread Breakdown
 - Management 20%
 - Underwriting 20%
 - Selling Concession 60%
- Distribution
 - 80% Institutional / 20% Retail
- Institutional Selling Concession
 - 100% Jump Ball
 - 85% Cap to Bookrunners
- Retail Selling Concession
 - Paid to Firm Distributing Shares

Economics

	Management Fee (20%)		Underwriting Fee (20%)		Selling Concession (60%)		Total Transaction Economics ⁽¹⁾
	Percent (%)		Percent (%)		Institutional	Retail	Percent (%)
					Percent (%)	Percent (%)	
Bookrunner(s): 4							
Morgan Stanley	25.00%	25.00%	26.56%	25.00%			25.51%
Bookrunner	25.00%	25.00%	26.56%	25.00%			25.51%
Junior Bookrunner	15.00%	15.00%	15.94%	15.00%			15.31%
Junior Bookrunner	15.00%	15.00%	15.94%	15.00%			15.31%
Senior Co-Manager(s): 4							
Senior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Senior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Senior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Senior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Junior Co-Manager(s): 4							
Junior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Junior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Junior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Junior Co	2.50%	2.50%	1.88%	2.50%			2.30%
Total Amongst Underwriters	100.00%	100.00%	100.00%	100.00%			100.00%

Note

1. Pre-shoe, pre-expenses

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IPO STRUCTURE AND ECONOMICS

Summary of Underwriting Agreement

- The underwriting agreement is the key legal document describing obligations of the underwriters in an IPO
- The Underwriting Agreement is a legal contract between selling shareholder(s), underwriters, and the issuing company
 - Signed by all underwriters
- The Underwriting Agreement is signed immediately following pricing of the IPO
 - However, all material terms verbally agreed prior to launch of IPO
- The Underwriting Agreement lays out the IPO process and other contractual requirements of the offering, including:
 - Reps and warranties of the company
 - Price at which shares are purchased by the underwriters
 - Key dates for settlement and delivery
 - Expense sharing
 - Greenshoe
 - Lockups for company, selling shareholders, others
 - Other underwriter obligations
 - 10b-5 opinions to be delivered by counsel
 - Indemnification
- *The Underwriting Agreement does not include the breakdown of economics among the underwriters*

Annex D

Structured Financing Transactions

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