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OFFICE OF THE ATTORNEY GENERAL  
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NEW YORK, NY 10271

ANDREW M. CUOMO  
Attorney General

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October 22, 2008

Edward M. Liddy  
Chairman & CEO  
American International Group, Inc.  
70 Pine Street  
New York, NY, 10270

Re: Actions on Financial Products Unit and CEO Martin Sullivan

Dear Mr. Liddy,

This letter is to confirm that pursuant to our review of the documents that American International Group ("AIG") has begun providing to my Office, AIG has agreed to take the following actions.

First, this is to confirm that AIG has agreed to freeze any payments pursuant to the employment package of its former Chief Executive Officer Martin Sullivan in light of the Attorney General's ongoing review. Pursuant to that contract, Mr. Sullivan would have been paid approximately \$19 million plus other benefits.

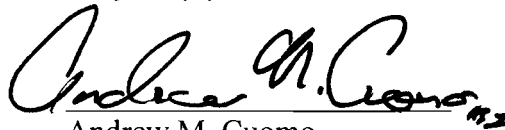
Second, AIG has agreed and confirmed that no funds will be distributed out of the \$600 million deferred compensation and bonus pools of AIG's Financial Products subsidiary. To be clear, it is my position that until the taxpayers are repaid with interest the more than \$120 billion that has been used in the rescue financing of AIG, no funds should be paid out of these pools to any executives. As AIG recovers using taxpayer money, these pools should not be used to reward executives ahead of taxpayers.

It is my understanding that Joseph Casano, the former head of the subsidiary, has a share totaling approximately \$69 million of these funds. In addition, after Casano, five other top executives in AIG Financial Products have a combined share in these funds totaling approximately \$93 million. The Financial Products subsidiary was largely responsible for AIG's collapse, and Casano has been terminated. I believe that rebuilding trust in our capital markets requires executive compensation packages that are rational, fair, and based on bona fide performance measures that are disclosed to the public. We must ensure that executive pay

package structures no longer create improper incentives for executives to overleverage their companies and manipulate the books for their own short-term financial benefit.

The American taxpayer is now supporting AIG, making the preservation of these taxpayer funds a vital obligation and a priority responsibility of your company. Taxpayers are, in many ways, now like shareholders of your company, and the new AIG has a responsibility to them in the first instance. Indeed, given the overall circumstances and the damage incurred by the American taxpayer, their interests should be paramount. I applaud the different tone you are now setting at AIG which augers well for the company going forward, and I hope it will set a new standard for corporate culture at similarly situated firms.

Very truly yours,

A handwritten signature in black ink, appearing to read "Andrew M. Cuomo". The signature is written in a cursive style with a horizontal line underneath the name.

Andrew M. Cuomo  
Attorney General of the  
State of New York

cc: Anastasia Kelly, Esq.