



U.S. Department of Justice

Criminal Division

Washington, D.C. 20530

November 30, 2004

Fred F. Fielding, Esquire
Wiley Rein & Fielding LLP
1776 K Street, N.W.
Washington, D.C. 20006

William H. Jeffress, Jr., Esq.
Baker & Botts LLP
The Warner
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Re: American International Group, Inc. and AIG Financial Products Corp.

Dear Messrs. Fielding and Jeffress:

This letter sets forth the agreement entered into between the United States Department of Justice, Criminal Division, Fraud Section (the "Fraud Section"), the United States Attorney for the Southern District of Indiana, and your client, American International Group, Inc. ("AIG"). The agreement is as follows:

1. Criminal Liability

In consideration for the cooperation provided by AIG's wholly-owned subsidiary to the Fraud Section, the agreement concurrently entered into on this date between the Fraud Section and AIG Financial Products Corp. ("AIG-FP"), the agreement concurrently entered into on this date between the Fraud Section and AIG-FP Pagic Equity Holding Corp. ("AIG-FP PAGIC"), the Final Judgment by the United States Securities and Exchange Commission ("SEC") to be filed against AIG (the "Final Judgment"), and the continuing obligations of AIG to the Fraud Section and the United States Attorneys Office for the Southern District of Indiana, as set forth below, the Fraud Section will not investigate or prosecute AIG, or any successor or subsidiary (except for AIG-FP and its subsidiaries, including AIG-FP PAGIC, which are subject to concurrent agreements between the Fraud Section and AIG-FP and AIG-FP PAGIC), for the matters that are the subject of the concurrent agreements between the Fraud Section and AIG-FP and AIG-FP PAGIC, or were the subject of the SEC's investigation styled "In re Certain Loss Mitigation Insurance Products" (hereinafter referred to as the "Brightpoint Transaction"), or are identified by the retrospective review to be conducted pursuant to the Final Judgment (collectively referred to as the "Covered Matters").

As part of this Agreement, AIG accepts responsibility for the conduct of its employees in connection with the Brightpoint Transaction. AIG agrees that it will not make or permit to be made any public statement denying, directly or indirectly, any factual allegation set forth in

In the Matter of American International Group, Inc., Exchange Act Release No. 48477 (September 11, 2003) (the "Release Order"). Consistent with that obligation, AIG may take good faith positions in litigation involving any private party.

2. Corporate Authorization

AIG warrants and represents that it is authorized to enter into and comply with all provisions of this agreement and that the person signing the Agreement has the authority to bind AIG.

3. Conditions Precedent

The participation of the Fraud Section and the U.S. Attorneys Office for the Southern District of Indiana in this agreement is conditioned upon AIG's performance of the following obligations:

- a. The full performance by AIG-FP and AIG-FP PAGIC of their obligations under the Agreements between the Fraud Section and AIG-FP and AIG-FP PAGIC;
- b. The provision of full and truthful cooperation by AIG to the United States as set forth in paragraph 4 of this agreement; and
- c. The provision of full and truthful cooperation by AIG to the SEC and the Independent Consultant retained by AIG pursuant to the Final Judgment, including the implementation of any determination by the SEC or recommendation by the Independent Consultant, as and to the extent provided in the Final Judgment.

If AIG knowingly and willfully fails to comply with any of these conditions, the United States may terminate this agreement as set forth below and may also prosecute AIG for any and all offenses that could be charged against it.

4. Cooperation with Law Enforcement

AIG agrees to cooperate fully with the Fraud Section, the U.S. Attorneys Office for the Southern District of Indiana and, as directed by the Fraud Section, with any other federal law enforcement and regulatory agency with respect to the Covered Matters during the pendency of this Agreement. This cooperation requires AIG to:

- a. Produce voluntarily all documents, records, or other tangible evidence relating to Covered Matters about which the Fraud Section, its designee, or the U.S. Attorneys Office for the Southern District of Indiana inquires;
- b. Recommend orally and in writing that all of its officers, employees and agents cooperate fully with any investigation or prosecution conducted by the Fraud Section and the U.S. Attorneys Office for the Southern District of Indiana with respect to Covered Matters, including appearing for interviews and testimony;
- c. Provide access to copies of original documents and records;
- d. Provide access to AIG's outside accounting and legal consultants as well as the records, reports, and documents of those outside consultants related to Covered Matters

subject to the provisions of paragraph 4(e) hereof setting forth the extent of the waiver of attorney-client or work-product privilege; and

e. Not assert a claim of attorney-client or work-product privilege as to any documents, information, or testimony requested by the Fraud Section, its designee or the U.S. Attorneys Office for the Southern District of Indiana related to factual internal investigations or contemporaneous advice given to AIG concerning the Covered Matters (it being understood that, in making production of any such documents, AIG-FP neither expressly nor implicitly waives its right to assert any privilege that is available under law against entities other than the Fraud Section, its designee or the U.S. Attorneys Office for the Southern District of Indiana concerning the produced documents or the subject matters thereof).

5. Cooperation with the SEC and the Independent Consultant

AIG hereby acknowledges and agrees that the Independent Consultant retained by AIG pursuant to the Final Judgment, and selected with the concurrence of the Fraud Section, shall provide information and report to the Fraud Section as and to the extent provided in the Final Judgment.

6. Breach of Agreement

If during the two-year period following the date of this Agreement, the Assistant Attorney General in charge of the Criminal Division determines, in his sole reasonable discretion, that AIG has committed a willful and knowing material breach of any provision of this agreement, the Fraud Section and the U.S. Attorneys Office for the Southern District of Indiana may, at their sole option, be released from their commitments under this agreement in their entirety by notifying AIG, through counsel or otherwise, in writing. The Fraud Section and the U.S. Attorneys Office for the Southern District of Indiana may also pursue all remedies available to them under the law, irrespective of whether they elect to be released from their commitments under this agreement. AIG understands that should any such breach of this agreement occur, the Fraud Section and the U.S. Attorneys Office for the Southern District of Indiana will have the right to use against AIG before any grand jury, at any trial, hearing or for sentencing purposes, any statements made by AIG's employees and agents, and any information, materials, documents or objects provided by AIG to the Fraud Section or the U.S. Attorneys Office for the Southern District of Indiana pursuant to this agreement without any limitation. AIG also stipulates that should any such breach of this agreement occur, the Statement of Facts incorporated by reference into the Agreement between the Fraud Section and AIG-FP PAGIC and the criminal complaint and affidavit in support of the criminal complaint filed as part of the separate agreement between the Fraud Section and AIG-FP PAGIC shall be admissible and AIG will not contradict their contents in any criminal proceeding that may be brought against AIG. In this regard, AIG agrees that the applicable statute of limitations period for any criminal prosecution related to a Covered Matter shall be tolled during the pendency of this Agreement. For the purposes of this paragraph and paragraph 4, the "pendency of this Agreement" is the greater of two years following the date of this Agreement or that period during which any federal law enforcement or regulatory agency is conducting an investigation or a prosecution or a proceeding into Covered Matters.

7. Parties Bound by the Agreement

This agreement is binding upon the United States Attorney for the Western District of Pennsylvania, the United States Attorney for the Southern District of Indiana, the United States Department of Justice, Criminal Division, Fraud Section, and AIG only. This agreement covers AIG and any of its successors, subsidiaries, divisions, or affiliates, excluding AIG-FP and its subsidiaries, which are covered by the Agreement between AIG-FP and the Fraud Section. This agreement also excludes any natural persons.

8. Complete Agreement

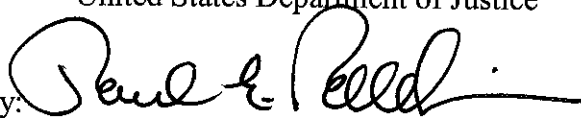
This agreement is the complete and only agreement between the parties with respect to the subject matter hereof. No promises, agreements or conditions have been entered into other than those set forth in this letter and in the Agreement of AIG-FP entered into on this date. This agreement supersedes prior understandings, if any, of the parties, whether written or oral. This agreement cannot be modified other than in a written memorandum signed by the parties or on the record.

If this letter accurately reflects the agreement entered into between the Fraud Section and AIG, please sign the Acknowledgment of Agreement below, and affix AIG's corporate seal. Please also have the signatures of the corporate signatories notarized. In addition, please provide a copy of requisite authorization to enter into this agreement by AIG's directors. Please return the original of this letter to Paul E. Pelletier, Special Counsel for Litigation of the Fraud Section.

Truly yours,

JOSHUA R. HOCHBERG
Acting United States Attorney,
Western District of Pennsylvania and
Chief, Fraud Section, Criminal Division
United States Department of Justice

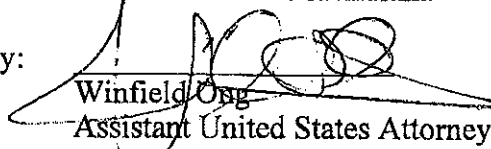
By:



Paul E. Pelletier
Deputy Chief
Criminal Division, Fraud Section
United States Department of Justice

TIMOTHY M. MORRISON
Acting United States Attorney
Southern District of Indiana

By:



Winfield Ong
Assistant United States Attorney

ACKNOWLEDGMENT OF AGREEMENT

AMERICAN INTERNATIONAL GROUP, INC.

I have read this agreement and carefully reviewed every part of it with counsel for American International Group, Inc. ("AIG"). I understand the terms of this Agreement and voluntarily agree, on behalf of AIG, to each of the terms. Before signing this Agreement, I consulted with the attorney for AIG. The attorney fully advised me of AIG's rights, of possible defenses, and of the consequences of entering into this Agreement. No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of AIG, in any way to enter into this Agreement. I am also satisfied with the attorney's representation in this matter. I certify that I am an officer of AIG, and that I have been duly authorized by AIG to execute this Agreement on its behalf.

CT [Signature]

11/29/04
Date

AMERICAN INTERNATIONAL GROUP, INC.

I certify that this agreement has been reviewed by duly authorized officials of AIG who understand its terms.

[Signature]
WILLIAM H. JEFFRESS, JR.

11-29-04
Date

Date

Attorneys for
AMERICAN INTERNATIONAL GROUP, INC.