UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE AMERICAN INTERNATIONAL GROUP, INC. SECURITIES LITIGATION	Master File No. 04 Civ. 8141 (DAB) (AJP) **NOTICE OF PROPOSED SETTLEMENT, MOTION FOR ATTORNEYS' FEES AND EXPENSES AWARD AND FAIRNESS HEARING**

If You Purchased or Otherwise Acquired Securities Issued by American International Group, Inc. ("AIG") During the Period from October 28, 1999 Through April 1, 2005, Inclusive, (the "Class Period") and Were Damaged Thereby, You May Be Entitled to Share in a $115 Million Settlement with Maurice R. Greenberg, Howard I. Smith, Christian M. Milton, Michael J. Castelli, C.V. Starr & Co., Inc., and Starr International Company, Inc. (collectively, "the Starr Defendants")

PLEASE READ THIS NOTICE CAREFULLY.

A Federal Court Authorized This Notice. This Is Not A Solicitation.

Your Legal Rights Are Affected Whether You Do Or Do Not Act.

1. **Statement of Plaintiff Recovery:** This Notice advises you of a proposed partial settlement (the "Settlement") consisting of $115 million in cash, plus interest as it accrues (the "Settlement Amount") in a consolidated class action lawsuit (the "Action") brought by the Ohio Public Employees Retirement System, State Teachers Retirement System of Ohio and Ohio Police & Fire Pension Fund (collectively, "Lead Plaintiff" or "the Ohio State Funds"), on behalf of the Settlement Class against Maurice R. Greenberg, Howard I. Smith, Christian M. Milton, Michael J. Castelli, C.V. Starr & Co., Inc., and Starr International Company, Inc. (collectively, "the Starr Defendants"), among others. If approved by the Court, this Settlement would finally resolve the Claims brought on behalf of the Settlement Class against the Starr Defendants.

The Settlement is separate from a related previously-announced settlement in the Action between Lead Plaintiff and AIG (the "Company Settlement"), which was approved by the Court on February 3, 2012. The Settlement is also separate from a related previously-announced settlement with defendant PricewaterhouseCoopers LLP, (the "PwC Settlement"), which was approved by the Court on December 2, 2010. In addition, Lead Plaintiff reached another separate settlement with defendant General Reinsurance Corporation ("Gen Re") on February 24, 2009 ("Gen Re Settlement"), however on September 10, 2010, the Court declined to preliminarily approve the Gen Re Settlement and dismissed all claims in the Action against Gen Re. On October 21, 2010, Lead Plaintiff filed a notice of appeal from the dismissal. On January 9, 2012, the United States Court of Appeals for the Second Circuit heard oral argument on the appeal.

The Action alleges, among other things, that during the Class Period, the Starr Defendants made materially false and misleading statements and omissions in connection with the involvement of AIG in an allegedly illegal market division scheme with Marsh & McLennan Companies ("Marsh") and others, as well as an alleged accounting fraud that led to AIG's $3.9 billion restatement or adjustment of earnings in May 2005. The Action also alleges certain market manipulation claims. The Consolidated Third Amended Complaint ("Complaint") alleges violations of Sections 11 and 15 of the Securities Act of 1933 (the "Securities Act") and Sections 10(b), 20(a), and 20A of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder.

The Settlement will resolve all claims against the Starr Defendants and will create a settlement fund to pay the claims of investors who purchased or otherwise acquired AIG's publicly-traded common stock, debt and options during the Class Period. (*See* below at page 4 for more information about eligible "AIG Securities.") The Distribution Amount (the Settlement Amount less any Notice and Administrative Expenses, attorneys' fees and litigation expenses awarded to Lead Plaintiff's counsel, expenses awarded to Lead Plaintiff and Tax Expenses) will be distributed in accordance with a proposed plan of allocation (the "Plan of Allocation"), which is described herein. Based on Lead Plaintiff's damages consultant's estimate of the number of shares of common stock entitled to participate in the Settlement, given the allocation of 5% of the recovery to debt purchasers and assuming that all shares entitled to participate do so, Lead Plaintiff estimates that the average recovery per damaged share would be approximately $0.07 per share, before deduction of any court-awarded fees and expenses.[1] An individual Settlement Class Member's actual recovery will depend on many factors, for example: (1) the total number of claims submitted; (2) when the Settlement Class Member purchased AIG Securities during the Class Period; (3) the purchase price paid; (4) the type of security bought; and (5) whether those AIG Securities were held at the end of the Class Period or sold during the Class Period (and, if sold, when they were sold and the amount received). *See* the Plan of Allocation beginning on page 10 for more information on your potential Recognized Loss.

<u>Reasons for Settlement</u>: The Settlement resolves claims against the Starr Defendants for allegedly violating the federal securities laws by allegedly failing to disclose the truth about certain of AIG's business practices and financial results and for damages allegedly caused by these practices and by market manipulation of AIG's securities. However, the Settlement is not and should not be construed as an admission of any fault, liability or wrongdoing whatsoever by the Starr Defendants. In light of the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiff believes that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Lead Plaintiff believes that the Settlement provides a substantial benefit in the form of $115 million, less the various deductions described in this Notice, as compared to the risks and delays of proceeding with the Action against the Starr Defendants. These risks include the fact that there is no assurance that Lead Plaintiff would recover as much as was achieved in this Settlement at a later stage in the litigation. Moreover, even if the case were to proceed and a later recovery obtained, it would take several more years of expert discovery, motion practice, trial and further appeals to obtain such a recovery, during which time the Starr Defendants would have the opportunity to assert substantial defenses to the claims asserted against them. The risks also include that the Starr Defendants could prevail in all or part of the Action, in which case Lead Plaintiff may obtain less or no recovery at all from the Starr Defendants.

<u>Statement of Potential Outcome if the Case Against the Starr Defendants Continued</u>: Lead Plaintiff and the Starr Defendants (collectively, the "Settling Parties") do not agree on the average amount of damages per share that would be recoverable even if Lead Plaintiff was to prevail on the claims asserted against the Starr Defendants. The Starr Defendants deny all liability. In addition, the Settling Parties disagree on, among other things: (i) whether certain statements made or controlled by the Starr Defendants were false; (ii) whether the Starr Defendants knew, or were severely reckless in not knowing, that certain of their and AIG's statements and omissions about AIG's business and financial results were false or misleading; (iii) whether the alleged misstatements and omissions were material to investors; (iv) whether the alleged market manipulation of AIG's securities was improper; (v) the amount of inflation, if any, caused by the alleged misrepresentations and omissions; (vi) the amount of damages, if any, caused by the alleged market manipulation of AIG's securities; (vii) the appropriate economic models for determining the amounts by which AIG's securities were allegedly artificially inflated (if at all) during the Class Period; (viii) the effect of various market forces influencing the trading prices of AIG's securities during the Class Period; and (ix) whether a class should have been certified for purposes other than the Settlement.

<u>Statement of Attorneys' Fees and Expenses Sought</u>: Lead Plaintiff's counsel, Labaton Sucharow LLP and Hahn Loeser & Parks LLP, intend to apply for an award of attorneys' fees on behalf of all plaintiffs' counsel of 13.25% of the Cash Settlement Account and to seek reimbursement of litigation expenses paid and incurred in connection with the prosecution and resolution of the claims against the Starr Defendants (the "Litigation Expenses"), in an amount not to exceed $1 million. In addition, Lead Plaintiff will, by separate application, ask the Court to reimburse it from the Settlement Amount for costs and expenses it incurred directly related to its representation of the Settlement Class, in an amount not to exceed $50,000. If the Court approves Lead Plaintiff's Counsel's fee and expense application and Lead Plaintiff's application for reimbursement, the average cost per share will be approximately $0.01 per share.

<u>Further Information</u>: Further information regarding the Settlement and this Notice may be obtained by contacting the Administrator: *In re AIG Securities Litigation – Starr Defendants Settlement*, c/o Rust Consulting, Inc., P.O. Box 9433,

[1] An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery per share would be the total for all purchasers of that share.

Faribault, MN 55021-9433, (888) 356-0263, www.AIGSecuritiesLitigationStarrSettlement.com; or Counsel: Labaton Sucharow LLP, 140 Broadway, NY, NY 10005, (866) 779-0843, settlementquestions@labaton.com, www.labaton.com.

Please Do Not Call the Court With Questions About the Settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM BY JUNE 4, 2012	The way to get a payment. However, if you already submitted a claim form in the PwC and/or Company Settlements, you do not have to do so again. Instead, you must complete a Release Form.
EXCLUDE YOURSELF BY MAY 25, 2012	Get no payment and remove yourself from the Settlement Class. This is the only option that allows you to ever bring or be part of any *other* lawsuit against the Starr Defendants and the other "Starr Released Persons" about the "Starr Released Claims."
OBJECT BY MAY 25, 2012	Write to the Court about why you do not like the Settlement. You will still be a member of the Settlement Class.
GO TO A HEARING ON JUNE 28, 2012	Ask to speak in Court about the Settlement at the Fairness Hearing.
DO NOTHING	Get no payment. Give up rights.

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Why did I get this notice?

You or someone in your family may have purchased or acquired publicly-traded securities issued by AIG during the period from October 28, 1999 through April 1, 2005, inclusive. The Court sent you this Notice because, as a potential Settlement Class Member, you have a right to know about the proposed Settlement of the claims asserted in this Class Action against the Starr Defendants and your options before the Court determines whether to approve the Settlement. If the Court approves the Settlement, after all objections and appeals are resolved, a claims administrator (the "Administrator") will make payments pursuant to the terms of the Settlement.

The Court in charge of this case is the United States District Court for the Southern District of New York and the case is known as *In re American International Group, Inc. Securities Litigation*, Master File No. 04-8141 (DAB). Lead Plaintiff filed this lawsuit on behalf of itself and as representative of the Settlement Class.

This Notice explains the lawsuit, the Settlement with the Starr Defendants, your legal rights, what benefits are available, who is eligible for them, and how you may receive your portion of the benefits. The purpose of this Notice is to inform you of the terms of the proposed Settlement and of a hearing to be held by the Court to consider the Settlement (the "Fairness Hearing").

The Fairness Hearing will be held at 4:00 p.m. on June 28, 2012 before the Honorable Deborah A. Batts, in the United States District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, New York 10007, to determine:

(a) Whether the proposed Settlement is fair, reasonable and adequate and should be approved by the Court;

(b) Whether the claims against the Starr Defendants should be dismissed with prejudice as set forth in the Contingent Agreement of Compromise and Settlement, dated August 10, 2009 (the "Agreement");[2]

(c) Whether the proposed Settlement Class should be certified and Lead Plaintiff be appointed as Class Representative and Lead Plaintiff's Counsel be appointed Class Counsel;

(d) Whether the proposed Plan of Allocation for distributing the Settlement to Settlement Class Members is fair and reasonable and should be approved;

(e) Whether the application by Lead Plaintiff's Counsel for an award of attorneys' fees and reimbursement of litigation expenses should be approved; and

(f) Whether the application by Lead Plaintiff for reimbursement of its costs and expenses 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 will be made after all appeals, if any, are resolved and after the completion of all claims processing. Please be patient.

How do I know if I am part of this Settlement?

You are part of this Settlement if you are within the definition of the Settlement Class and you do not take steps to exclude yourself. The Settlement Class covered by this settlement consists of: all persons and entities who purchased or otherwise acquired AIG Securities during the period from October 28, 1999 through April 1, 2005, inclusive, including all persons and entities who held the common stock of HSB Group, Inc. ("HSB") at the time HSB was acquired by AIG in a stock for stock transaction, and all persons and entities who held the common stock of American General Corporation ("AGC") at the time AGC was acquired by AIG in a stock for stock transaction, and who were damaged thereby, excluding persons who make timely and valid requests for exclusion from the class. (*See* the Plan of Allocation for more information about eligible securities.)

"AIG Securities" means any and all publicly-traded securities issued by American International Group, Inc., whether debt or equity securities. Options on AIG common stock are also eligible for a recovery in the Settlement.

Excluded from the Settlement Class are the defendants in the Action, members of the immediate families of the individual defendants, any parent, subsidiary, affiliate, officer, or director of defendant AIG, any entity in which any excluded person has a controlling interest, and the legal representatives, heirs, successors and assigns of any excluded person. Also excluded from

[2] The proposed Settlement was originally contingent upon, among other things, court-approval of the Company Settlement. Because the Court has now approved the Company Settlement, all of the contingencies have been satisfied and the proposed Settlement is no longer contingent.

the Settlement Class are any persons who exclude themselves by timely filing a request for exclusion in accordance with the requirements set forth below. (*See* "What if I do not want to participate in the Settlement? How do I exclude myself?")

RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A MEMBER OF THE SETTLEMENT CLASS OR ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

TO RECEIVE PROCEEDS FROM THE SETTLEMENT, YOU MUST SUBMIT A PROOF OF CLAIM OR RELEASE FORM BY JUNE 4, 2012.

What recovery does the Settlement provide?

In exchange for the Settlement and dismissal of the Released Claims, the Starr Defendants have paid $115 million in cash into an escrow account that will earn interest for the benefit of the Settlement Class.

The Settlement Amount will be divided, after deduction of Court-awarded attorneys' fees and expenses, Lead Plaintiff's expenses, Notice and Administrative Expenses, any applicable taxes, and any other expenses and awards the Court may order ("Distribution Amount"), among all Settlement Class Members who timely submit valid Proof of Claim forms that show a Recognized Loss. Your share of the Distribution Amount will depend on several things, including: (1) the amount of Recognized Losses of other Settlement Class Members who file valid Proofs of Claim; (2) how many AIG Securities you bought; (3) how much you paid for them; (4) the type of security bought; (5) when you bought them; and (6) whether or when you sold them (and, if so, for how much you sold them).

Your Recognized Loss will be calculated according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Loss, given the number of potential Settlement Class Members with Recognized Losses. After all Settlement Class Members have sent in their Proof of Claim forms, the payment you get will be a portion of the Distribution Amount equal to your Recognized Loss divided by the total of all Settlement Class Members' Recognized Losses and multiplied by the total Distribution Amount. (*See* the Plan of Allocation beginning on page 10 for more information.)

Once all the Proofs of Claim are processed and claims are calculated, Lead Plaintiff's Counsel, without further notice to the Settlement Class, will apply to the Court for an order distributing the Distribution Amount to the members of the Settlement Class. Counsel will also ask the Court to approve payment of the Administrator's fees and expenses incurred in connection with administering the Settlement that have not already been reimbursed.

Why is there a Settlement? What are Lead Plaintiff's reasons for the Settlement?

Under the proposed Settlement, the Court will not decide the merits of the claims in the Action in favor of either the Lead Plaintiff or the Starr Defendants. By agreeing to a Settlement, both the Lead Plaintiff and the Starr Defendants avoid the costs and risks of litigating the claims against the Starr Defendants. By accepting the Settlement, Settlement Class Members will be compensated immediately for the claims against Starr Defendants. In light of the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiff believes that the proposed Settlement is fair, reasonable and adequate and in the best interest of Settlement Class Members.

Lead Plaintiff and Lead Plaintiff's Counsel believe that the claims asserted against the Starr Defendants have merit. However, they recognize the risks of, expense of and delay associated with the continued prosecution of the claims against the Starr Defendants in the Action. The Starr Defendants have denied and continue to deny each and every allegation of liability or damage to the Settlement Class or any member thereof. Lead Plaintiff and their counsel have taken into account the issues that would have to be decided by a jury including: (i) whether each of the alleged misrepresentations and omissions made by certain of the Starr Defendants were false; (ii) if false, whether each of those alleged misrepresentations and omissions were material; (iii) whether the Starr Defendants acted knowingly or recklessly in making the alleged misrepresentations and omissions; (iv) whether the Starr Defendants engaged in market manipulation of AIG's securities and (v) the amount of any damages, if any, caused by the alleged misrepresentations and omissions by the Starr Defendants or the alleged market manipulation.

Lead Plaintiff and Lead Plaintiff's Counsel have also considered the uncertain outcome and trial risk in complex lawsuits like this one. Lead Plaintiff believes that a recovery now will provide an immediate benefit to Settlement Class Members, which is superior to the risk of proceeding with the claims against the Starr Defendants. Considering these factors and balancing them against the certain and substantial benefits that the Settlement Class will receive as a result of the Settlement, Lead Plaintiff and Lead Plaintiff's Counsel determined that the Settlement described herein is fair, reasonable and adequate, and that it is in the best interests of the Settlement Class to settle the claims against the Starr Defendants on the terms set forth in the Agreement and this Notice.

What might happen if there were no Settlement?

If there were no settlement of the claims against the Starr Defendants and Lead Plaintiff failed to establish any essential legal or factual element of its claims, neither it nor the Settlement Class would recover anything from the Starr Defendants. Also, if the Starr Defendants were successful in proving any of their defenses, the Settlement Class likely would recover substantially less than the amount provided in the Settlement, if anything at all.

Do I have a lawyer in the case? How will the lawyers be paid?

The Court appointed the law firms of Labaton Sucharow LLP in New York, New York and Hahn Loeser & Parks LLP in Cleveland, Ohio to represent the proposed class. You will not be separately charged for the work done by the lawyers who worked on this lawsuit. If you want to be represented by your own lawyer, you may hire one at your own expense.

The Court will determine the amount (if any) of Lead Plaintiff's attorneys' fees and expenses, which will be paid from the Settlement Amount. Any attorneys' fees awarded to Lead Plaintiff's Counsel will be distributed, in part, to additional counsel who worked on this lawsuit under the supervision and direction of Lead Plaintiff's Counsel based upon the amount, quality and importance of work they performed. Lead Plaintiff estimates that in the aggregate such amount will be less than 10% of the total attorneys' fees awarded by the Court.

Lead Plaintiff's Counsel has not received any payment for its services in pursuing claims against the Starr Defendants on behalf of the Settlement Class, nor has it been reimbursed for its considerable litigation expenses. In this type of litigation, it is customary for counsel to be awarded a percentage of the settlement fund recovered as its attorneys' fees, and to receive reimbursement of the expenses advanced in the prosecution of the action. Lead Plaintiff's Counsel intends to apply to the Court for an award of attorneys' fees of 13.25% of the Cash Settlement Account in connection with this Settlement. Lead Plaintiff's counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed $1 million. If the application for attorneys' fees and reimbursement of expenses is approved by the Court, the average cost per share would be approximately $0.01 per share.

The fee requested by Lead Plaintiff's counsel would compensate it for its efforts in achieving the Settlement for the benefit of the Settlement Class and willingness to undertake this representation on a contingency basis. The fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in litigation of this type. NEITHER THE COURT NOR THE DEFENDANTS HAVE EXPRESSED ANY OPINION ON THE APPLICATION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES.

What rights am I giving up by agreeing to the Settlement?

If the Settlement is approved, the Court will enter an Order and Final Judgment as to the Starr Defendants ("the Final Judgment") ending all the claims against the Starr Defendants and precluding Settlement Class Members from continuing to litigate the claims against the Starr Defendants and the Starr Released Persons. The Final Judgment will: (i) dismiss the claims against the Starr Defendants with prejudice; and (ii) provide that Lead Plaintiff and all other Settlement Class Members, except those who validly and timely request to be excluded from the Settlement Class, shall, upon the Effective Date (as defined in the Agreement), on behalf of themselves and their respective heirs, executors, administrators, successors and assigns and all persons acting in concert with any such person shall have fully, finally and forever released, relinquished, acquitted and discharged the Starr Released Persons from the Starr Released Claims. The release also constitutes an express waiver and relinquishment, to the fullest extent permitted by law, of the provisions, rights and benefits of California Civil Code § 1542, and any provisions, rights and benefits conferred by any law of any state or territory of the United States or principle of common law which is similar, comparable or equivalent to California Civil Code § 1542, which provides: "A general release does not extend to claims which 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."

"Starr Released Claims" means and includes any and all Claims, known or unknown, suspected or unsuspected, asserted or unasserted, that Lead Plaintiff, the Settlement Class or Class Members, and/or each of their respective divisions, agencies, instrumentalities, branches, subsidiaries, parent companies, affiliates, associates, representatives, predecessors, successors, heirs, owners, assigns, executors and/or administrators ever had, now have or hereafter can, shall or may have against the Starr Released Persons in the Action arising out of or related in any way to any of the facts, matters, transactions, allegations or claims that are raised or could have been raised in the Complaint or related in any way to the financial statements of AIG or its subsidiaries for fiscal years 1999 through 2004 or any restatement thereof, including Claims relating to AIG's May 31, 2005 Restatement of its financial statements.

The Agreement defines "Claims" as any and all claims, rights, causes of action or demands, whether legal or equitable, for damages, restitution, disgorgement, injunctive relief, attorneys' fees, costs, obligations, debts, losses or liabilities of any kind whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation (whether foreign or domestic), including known and unknown, accrued and not accrued, foreseen and unforeseen, matured and not mature claims.

The "Starr Released Persons" means the Starr Defendants and/or their present, former or future associates, representatives, predecessors, successors, heirs, direct or indirect subsidiaries, parent companies, affiliates, divisions, connected firms, owners, assigns, executors, administrators, and/or their present, former or future directors, agents, partners, principals, officers, employees, trustees, servants, attorneys, shareholders and/or representatives of the foregoing, and each of them.

The Final Judgment will also provide that the Starr Defendants fully, finally and forever release, relinquish, acquit and discharge the Lead Plaintiff, the Settlement Class, Settlement Class Members and Lead Plaintiff's counsel ("Released Plaintiff Parties") from any Claims which the Starr Defendants ever had, now have or hereafter can, shall or may have against any of the Released Plaintiff Parties, which arise out of or relate in any way to the institution, prosecution (to the Effective Date) or settlement of the Action.

Also, the Final Judgment will contain bar order provisions precluding the non-settling defendants from being able to bring claims in the future seeking relief such as contribution and indemnification against the Starr Released Persons. Also, the non-settling defendants will be entitled to a judgment credit related to this Settlement if the Action against them results in a judgment.

<u>The New York Attorney General Action Against Starr Defendants Greenberg and Smith</u>

The Starr Released Claims in this Settlement may include damages claims originally asserted by former New York Attorney General ("NYAG") Eliot Spitzer in an action in New York state court captioned *People v. Greenberg*, Civ. No. 401720 (N.Y. Sup. Ct.) (the "NYAG Action"), which asserts claims for injunctive relief, restitution and damages under New York's Martin Act and Executive Law against Starr Defendants Greenberg and Smith.

Your Participation in This Settlement Could Result in the Loss of <u>Damages Claims Brought on Your Behalf in the NYAG Action</u>

In a recent case, the New York Court of Appeals held that damages claims asserted by the NYAG under the Martin Act could be dismissed based on the settlement of a related class action. Thus, when the proposed Settlement becomes final, the court presiding over the NYAG Action may dismiss from that action the damages claims of Settlement Class Members who participate in this Settlement, which, if it occurs, would not affect any Class Members' recovery in this Action. As set forth in the Agreement, to the extent that there are any uncertainties under New York law regarding the extent of recovery permitted against Greenberg and Smith in the NYAG Action following the approval of this Settlement, Greenberg and Smith bear the risk of that uncertainty, not Settlement Class Members.

The NYAG Action is more limited in scope than this Action. First, the NYAG Action asserts claims against only two of the Starr Defendants, Greenberg and Smith. In addition, the NYAG Action is based on only two of the two dozen allegedly fraudulent business transactions that form the basis of the claims in this Action: (i) the Gen Re Transaction and (ii) the CAPCO Transaction.

The NYAG Action is similar to an SEC action that asserted claims only against Greenberg and Smith and was also based on a subset of the allegedly fraudulent business transactions that form the basis of the claims in this Action (the Gen Re Transaction, the CAPCO Transaction and certain other alleged accounting frauds). The SEC settled its claims against Greenberg and Smith for $15 million and $1.5 million, respectively.

Greenberg is represented in the NYAG Action by David Boies of Boies, Schiller & Flexner LLP, who prevailed in a jury trial against AIG in which AIG sought $4.3 billion in damages for alleged breaches of fiduciary duties by Greenberg and Starr International Company, Inc. Mr. Greenberg is also represented in the NYAG Action by John L. Gardiner of Skadden, Arps, Slate, Meagher & Flom LLP. Smith is represented in the NYAG Action by Vincent Sama of Kaye Scholer LLP.

The NYAG's Allegations Regarding the Gen Re Transaction

The NYAG may not be able to establish liability against Defendants Greenberg and Smith for the Gen Re Transaction. Indeed, the judge presiding over the NYAG Action noted that Defendant Greenberg has denied any knowledge of the fraudulent aspects of the Gen Re Transaction, and found that "in the absence of direct testimony as to Greenberg's knowledge or participation in the structuring of the transaction without adequate risk transfer from the other participants in the scheme . . . or others who clearly facilitated the scheme . . . the evidence against Greenberg is too remote to find liability against him as a matter of law . . . ." The judge similarly found that the credibility of conflicting testimony with respect to Defendant Smith's involvement in the Gen Re Transaction would have to be determined at trial, stating, "in light of the facts in dispute, and the credibility determinations that must be made regarding Smith's testimony concerning accounting treatment for the Gen Re Transaction, summary judgment as to his liability . . . must also be denied."

Counsel for the NYAG has asserted that he is seeking billions of dollars in damages in the NYAG Action. However, even if the NYAG is able to establish liability for the Gen Re Transaction, it is not clear that it will be able to establish that investors suffered any damages based on that Transaction. The NYAG asserts that corrective disclosures relating to the Gen Re Transaction caused the price of AIG's common stock to drop on February 14, March 14 and March 15, 2005, resulting in damages to investors of $4.69 per share. In response, Greenberg and Smith assert that the NYAG has not provided any statistical basis for any of its damages claims, and that, in fact, the alleged misstatements and omissions were not "economically material," therefore, AIG investors were not financially damaged by them. Lead Plaintiff's loss causation expert has also examined the movements in AIG's stock price on the three alleged disclosure dates and has determined that none of them is statistically significant, *i.e.*, there may be no legal basis on which to award any damages for the stock drops on those dates. (Lead Plaintiff alleges damages in this Action based on *different* disclosures and stock drops than the three dates referenced above. Lead Plaintiff's loss causation expert believes that the stock drops alleged in this Action are statistically significant, and the Court has certified the Class with respect to four alleged corrective disclosure dates, including two disclosures dates allegedly relating to the Gen Re Transaction.)

The NYAG's Allegations Regarding the CAPCO Transaction

Although the judge presiding over the NYAG Action found Greenberg and Smith liable under the Martin Act for the CAPCO Transaction, they have filed appeals challenging the court's finding on liability; the use of the Martin Act, as interpreted by the court, and the admissibility of certain hearsay evidence that may be critical to the NYAG's case.

Moreover, as with the Gen Re Transaction, the NYAG may not be able to show that investors suffered any damages based on the CAPCO Transaction. The NYAG asserts damages of $1.66 per share for the CAPCO Transaction, based on a decrease in AIG's stock price on March 30, 2005. However, the NYAG's own expert states, "Since other new information concerning AIG's accounting improprieties was released on March 30, the exact impact of CAPCO on AIG's price decline that day cannot be measured with precision." Because, to date, the NYAG has not provided any expert testimony identifying any effect on AIG's stock price caused specifically by corrective disclosures relating to the CAPCO Transaction, there may be no legal basis to award any damages for the stock drop on March 30.

Both Parties in the NYAG Action have appealed the lower court's decision regarding the liability of the defendants with respect to the Gen Re and CAPCO Transactions. The hearing on that appeal occurred on May 19, 2011. The appellate court has not yet ruled on this appeal.

Potential Outcomes of the NYAG Action

In the view of Lead Plaintiff's Counsel, based on the issues discussed above, a jury may or may not find Greenberg and Smith liable for any damages in the NYAG Action, and, even if it did, such findings may not be upheld on appeal, a process that is likely to be lengthy. However, it is the view of the NYAG that the potential recovery in the NYAG Action could be substantially greater than the proposed Settlement here.

Convictions in a Separate Criminal Case Regarding the Gen Re Transaction Have Been Vacated

On February 25, 2008, a federal jury in Connecticut found Christian M. Milton (AIG's former Vice President of Reinsurance) and four former Gen Re executives guilty of securities fraud and other charges in connection with their involvement in the Gen Re Transaction.

However, on August 1, 2011, the Second Circuit issued a decision in *U.S. v. Ferguson*, 653 F.3d 61 (2d Cir. 2011), in which it reversed the convictions of all five defendants based on defective jury instructions and other issues, and remanded the case for a possible new trial. The Second Circuit later issued a revised opinion, Docket No. 08-6211, 2011 WL 6351862 (2d Cir. Dec.

19, 2011), in which it overruled the federal government's motion for reconsideration. To date, no announcement has been made regarding whether the Department of Justice will try the case again.

Getting More Information about the NYAG Action or the Federal Action Regarding the Gen Re Transaction

Lead Plaintiff's Counsel will periodically provide updates about significant developments in the NYAG Action and the federal action regarding the Gen Re Transaction. Please check the following, the website for the Administrator: www.AIGSecuritiesLitigationStarrSettlement.com, and the website for Counsel: www.labaton.com.

What is this case about?

This Action arises from, among other things, allegedly material misstatements and omissions made by certain of the Starr Defendants and others in connection with an allegedly illegal market division scheme with Marsh and others in the insurance industry, as well as an alleged accounting fraud scheme related to AIG's $3.9 billion restatement or adjustment of earnings in May 2005. Lead Plaintiff alleges that at the end of the Class Period, the price of AIG's stock dropped significantly when these frauds were disclosed, resulting in alleged damages to the Settlement Class.

Specifically, Lead Plaintiff alleges that, on October 14 and 15, 2004, there were disclosures concerning AIG's involvement in a market division scheme that included its payment of allegedly improper "steering" contingent commissions to, and illegal rigging of bids with, Marsh and others in the insurance industry. Lead Plaintiff also claims that there were disclosures in March and April 2005 of a massive accounting fraud at AIG that resulted in the Company restating or adjusting nearly four years of earnings and, *inter alia*, slashing net income by $3.9 billion. In addition, the Complaint alleges that AIG and certain of the Starr Defendants manipulated the price of its stock during the Class Period through a stock repurchase program.

Lead Plaintiff alleges that the consequences of the disclosures referenced above included AIG's payment of more than $1.6 billion to settle claims and pay fines relating to, among other things, the alleged market division and accounting fraud brought by federal and state regulators, including the Securities and Exchange Commission, Department of Justice, and the Office of the New York Attorney General.

The Starr Defendants deny all civil liability and the Settlement is not and may not be construed or deemed to be evidence of, or an admission or a concession on the part of the Starr Defendants, of any fault or liability whatsoever or of any infirmity in any defenses they have asserted or intended to assert, or of the merits of Lead Plaintiff's claims. The Starr Defendants, while affirmatively denying liability, consider it desirable and in their best interest that the claims against them in the Action be dismissed under the terms of the proposed Settlement in order to avoid further expense, uncertainty and distraction, and protracted litigation.

What has happened in this case so far?

After the first alleged disclosures about the market division fraud were reported to the public on October 14, 2004, ten class action complaints were filed against AIG, the Starr Defendants, and others, and the cases were transferred to Judge Laura Taylor Swain. The complaints included class periods of October 28, 1999 to October 15, 2004, and alleged Section 10(b) claims. After hearing fully-briefed motions regarding appointment of a lead plaintiff and lead counsel to pursue the proposed class action, Judge Swain, by order dated February 7, 2005, appointed the Ohio State Funds as Lead Plaintiff; and appointed Labaton Sucharow (at the time known as Goodkind Labaton Rudoff & Sucharow LLP) and Hahn Loeser & Parks LLP as Lead Plaintiff's counsel.

On April 19, 2005, Lead Plaintiff filed a Consolidated First Amended Complaint, which included claims based on both the alleged market division fraud and the alleged accounting fraud, alleged a class period of October 28, 1999 through March 30, 2005, named additional defendants and added claims under Sections 11 and 15 of the Securities Act.

On May 16, 2005, the San Francisco Employees' Retirement System filed a separate, purportedly new securities class action complaint against AIG and others that alleged causes of action based solely on the alleged accounting frauds disclosed in the Spring of 2005. After reviewing motions on the appointment of Lead Plaintiff related to this claim, the Court held a hearing on July 18, 2005 and found that the Ohio State Funds would serve as the Lead Plaintiff for all the claims at issue.

Between November and December 2005, defendants in the Action filed motions to dismiss the Action in its entirety, submitting hundreds of pages of briefing and affidavits. The Court denied all of these motions, except one, in April and May 2006. After the denial of the motions, Lead Plaintiff, the Ohio State Funds, and Lead Plaintiff's Counsel began to conduct formal discovery into the facts of the case. (Prior to filing its first complaint, Lead Plaintiff's counsel had engaged in a thorough investigation of the publicly available information about the claims, including contact with former employees of AIG and other defendants.) At the time of the Settlement, defendants, including the Starr Defendants, and approximately 42 non-parties had produced more than 53 million pages of documents. Lead Plaintiff's Counsel represents that it has reviewed and analyzed virtually all of the documents produced to date. In addition, at the time of settlement, the parties had taken 50 depositions. Since then, 47 additional depositions have been taken in the Action.

On February 20, 2008, Lead Plaintiff moved to certify a litigation class in the Action. In connection with that motion, the Ohio State Funds produced more than 267,000 pages of documents to defendants, and more than 14 witnesses from the Ohio State Funds and their 10 external investment advisers were deposed. On August 20, 2008, AIG submitted its opposition to class certification and on September 23, 2008, all other defendants submitted their opposition papers. Lead Plaintiff replied to the opposition briefs and the Court held hearings and examined expert witnesses to determine whether the entire Action should be certified for litigation purposes. After the Settlement was reached, by order filed February 22, 2010, the Court certified the Action for litigation purposes as a class action on behalf of a class that differs from the Settlement Class. Both Lead Plaintiff and AIG requested that the United States Court of Appeals for the Second Circuit review the Court's certification order. AIG's request for review was granted and Lead Plaintiff's request was denied.

As noted above, Lead Plaintiff and the Starr Defendants have reached an agreement to settle the claims against the Starr Defendants in the Action on terms that are summarized here. Lead Plaintiff and the Starr Defendants, through their counsel, have engaged in substantial arm's-length negotiations in an effort to resolve all claims that have been or could have been asserted in the Action against the Starr Defendants. Lead Plaintiff and the Starr Defendants conducted numerous conferences, including several mediation sessions before a highly experienced mediator who is a former federal judge, in which the terms of the Settlement detailed here were negotiated.

How much will my payment be?

THE PROPOSED PLAN OF ALLOCATION – GENERAL PROVISIONS

The Starr Defendants have paid $115 million in cash (the "Settlement Amount") into an escrow account that has been earning interest for the benefit of the Settlement Class. After approval of the Settlement by the Court and upon satisfaction of the other conditions to the Settlement, the Distribution Amount (the Settlement Amount less any Tax Expenses, court-awarded attorneys' fees and expenses, Notice and Administrative Expenses, and any other expenses and awards the Court may order), will be distributed to Settlement Class Members who timely submit either valid Proofs of Claim or Release Forms (as the case may be) establishing "Recognized Losses" according to the Plan of Allocation described below.

To the extent there are sufficient funds in the Distribution Amount, each Authorized Claimant will receive an amount equal to the Authorized Claimant's allowable Recognized Loss, as defined below. If, however, the Distribution Amount is not sufficient to permit payment of the total of all Recognized Losses, then each Authorized Claimant will be paid the percentage of the Distribution Amount that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants ("*pro rata* share") that purchased or acquired either debt or equity securities, including options. You will be eligible to participate in the distribution only to the extent you have a net loss on your transactions in AIG debt securities, or on your combined transactions in AIG common stock and options. Payment in this manner will be deemed conclusive against all Authorized Claimants.

For all purposes, the transaction date and not the settlement date shall be used as the date for determining inflation per share and eligibility to file a claim. All purchases and sales of AIG Securities shall be accounted for and matched using the first-in-first-out (FIFO) method of accounting. Gifts and transfers of securities are not eligible purchases. The covering purchase of a "short" sale is not an eligible purchase.

The Plan of Allocation is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor is it intended to estimate the amount that will be paid to Authorized Claimants. The Plan of Allocation is the basis upon which the Distribution Amount will be proportionately divided among all the Authorized Claimants. The Court will be asked to approve the Administrator's determinations before the Distribution Amount is distributed to Authorized Claimants. No distributions to Authorized Claimants who would receive less than $10.00 will be made, given the administrative expenses of processing and mailing such checks.

There will be no distribution of the Distribution Amount until a Plan of Allocation is finally approved and affirmed on appeal (if an appeal is filed) and the time for any petition for rehearing, appeal or review, whether by *certiorari* or otherwise, has expired. This Plan of Allocation may be modified by the Court without further notice to the Settlement Class. The Released Persons have no liability, obligation or responsibility for the administration of the Settlement or disbursement of the Distribution Amount.

Each person wishing to participate in the distribution must timely submit a valid claim form and all required documentation or Release Form (as the case may be) **no later than June 4, 2012**, to the address listed below and set forth in the Proof of Claim form or Release Form. The Proof of Claim form and Release Form include a general release of each of the Released Defendant Parties. *See* the section called "How do I participate in the Settlement? What do I need to do?" below.

The Court has reserved jurisdiction to allow, disallow or adjust on equitable grounds the claim of any Settlement Class Member. The Court also reserves the right to modify the Plan of Allocation without further notice to Settlement Class Members. Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, their counsel, the Administrator, or other agents designated by counsel based on distributions made substantially in accordance with the Agreement and the Settlement contained therein, the Plan of Allocation, or further orders of the Court.

THE PROPOSED PLAN OF ALLOCATION - CALCULATION OF RECOGNIZED LOSS AMOUNT[3]

Calculation of Recognized Loss for AIG Common Stock Purchases

A. For shares purchased on or between October 28, 1999 through April 1, 2005, the following Recognized Losses shall be allowed, subject to the limitations set forth in Section B:

1. For each share that was (a) sold on or between October 28, 1999 and October 13, 2004, (b) purchased on or after October 15, 2004 and sold on or before March 16, 2005, or (c) purchased on or after March 17, 2005, and sold on or before March 29, 2005, the Recognized Loss shall be 10% of the difference between the inflation per share at the time of purchase, for the applicable date of purchase, less the inflation per share at the time of sale, subject to a limit of $0.20 per share. Inflation per share shall be determined at each transaction date based on the percentage inflation applicable to that date as set forth in Table 1 times the price paid or received, excluding any commission, fees or other adjustments;

2. For each share not covered by 1 above and sold on or before April 1, 2005, the Recognized Loss shall be the inflation per share at the time of purchase, for the applicable date of purchase, less the inflation per share at the time of sale. Inflation per share shall be determined at each transaction date based on the percentage inflation applicable to that date as set forth in Table 1 times the price paid or received, excluding any commission, fees or other adjustments; and

3. For each share not covered by 1 above and sold after April 1, 2005, the Recognized Loss shall be the inflation per share at the time of purchase. Inflation per share shall be determined at each purchase transaction date based on price paid or received, excluding any commission, fees or other adjustments.

B. The following limitations on a Recognized Loss shall be applied:

1. In addition to the annexed Table 1 relating to Section 10(b) AIG common stock claims, the Recognized Loss for such shares purchased during the Class Period shall be limited (as provided for under Private Securities Litigation Reform Act of 1995 "PSLRA") to the smallest of the following: (i) the difference between the price paid and the price received (out-of-pocket investment loss) if sold on or before April 1, 2005; (ii) the difference between the price paid (excluding all fees and commissions) and the average closing price as set forth in Table 2 below, if sold between April 4, 2005 and June 29, 2005; or (iii) the difference between the price per share paid and $53.70 per share if the shares were held on the close of business on June 29, 2005.

2. You will be eligible for a recovery under the Plan only to the extent you have a net loss on your combined transactions in AIG common stock and options.

Table 1: Inflation per Share Percentage and Averages Over Identified Time Periods

Period	Start Date	End Date	Inflation Percentage	Avg. Price	Avg. Value	Avg. Inflation
1	28-Oct-99	7-Feb-01	13.9%	$80.21	$69.07	$11.14
2	8-Feb-01	1-Apr-01	16.1%	$81.28	$68.19	$13.09
3	2-Apr-01	25-Apr-01	18.2%	$78.39	$64.11	$14.28
4	26-Apr-01	13-Oct-04	21.2%	$67.81	$53.43	$14.37
5	14-Oct-04	14-Oct-04	14.2%	$60.00	$51.50	$8.50
6	15-Oct-04	16-Mar-05	11.2%	$64.84	$57.59	$7.25
7	17-Mar-05	29-Mar-05	8.5%	$57.77	$52.86	$4.91

[3] The calculations are made by Lead Plaintiff and do not represent the position of the Starr Defendants.

Period	Start Date	End Date	Inflation Percentage	Avg. Price	Avg. Value	Avg. Inflation
8	30-Mar-05	30-Mar-05	6.0%	$57.16	$53.73	$3.43
9	31-Mar-05	31-Mar-05	3.3%	$55.41	$53.56	$1.85
10	1-Apr-05	3-Apr-05	-3.8%	$50.95	$52.91	$(1.96)
11	4-Apr-05	Current	0.0%	$52.30	$52.30	$-

Table 2: PSLRA Loss Limitation Table for AIG Common Shares

Date	AIG Closing Price	Avg. AIG Closing Price	Date	AIG Closing Price	Avg. AIG Closing Price
4/1/2005	$50.95	$50.95	5/16/2005	$52.81	$52.33
4/4/2005	$53.30	$52.13	5/17/2005	$53.38	$52.36
4/5/2005	$53.00	$52.42	5/18/2005	$53.25	$52.39
4/6/2005	$52.99	$52.56	5/19/2005	$53.00	$52.41
4/7/2005	$52.76	$52.60	5/20/2005	$53.76	$52.45
4/8/2005	$51.91	$52.49	5/23/2005	$53.45	$52.47
4/11/2005	$52.10	$52.43	5/24/2005	$53.80	$52.51
4/12/2005	$53.20	$52.53	5/25/2005	$54.08	$52.55
4/13/2005	$51.61	$52.42	5/26/2005	$55.71	$52.63
4/14/2005	$51.39	$52.32	5/27/2005	$56.40	$52.72
4/15/2005	$51.11	$52.21	5/31/2005	$55.55	$52.79
4/18/2005	$51.26	$52.13	6/1/2005	$56.10	$52.86
4/19/2005	$51.58	$52.09	6/2/2005	$55.89	$52.93
4/20/2005	$51.01	$52.01	6/3/2005	$55.09	$52.98
4/21/2005	$51.90	$52.00	6/6/2005	$54.85	$53.02
4/22/2005	$50.35	$51.90	6/7/2005	$55.23	$53.07
4/25/2005	$51.76	$51.89	6/8/2005	$54.95	$53.11
4/26/2005	$51.07	$51.85	6/9/2005	$55.55	$53.16
4/27/2005	$51.85	$51.85	6/10/2005	$55.09	$53.20
4/28/2005	$51.14	$51.81	6/13/2005	$55.50	$53.24
4/29/2005	$50.85	$51.77	6/14/2005	$55.57	$53.29
5/2/2005	$53.44	$51.84	6/15/2005	$55.41	$53.33
5/3/2005	$53.30	$51.91	6/16/2005	$55.23	$53.36
5/4/2005	$54.37	$52.01	6/17/2005	$55.55	$53.40
5/5/2005	$53.92	$52.08	6/20/2005	$55.68	$53.44
5/6/2005	$54.14	$52.16	6/21/2005	$56.29	$53.49
5/9/2005	$54.58	$52.25	6/22/2005	$55.95	$53.53
5/10/2005	$53.27	$52.29	6/23/2005	$55.20	$53.56
5/11/2005	$53.21	$52.32	6/24/2005	$54.54	$53.58
5/12/2005	$52.48	$52.33	6/27/2005	$55.03	$53.60
5/13/2005	$52.05	$52.32	6/28/2005	$55.17	$53.63
			6/29/2005	$58.48	$53.70

<u>Calculation of Recognized Loss for AIG Call and Put Options</u>

The AIG Options entitled to recover shall include all purchased AIG Call Options (excluding AIG Call Options purchased to cover or offset a previously sold, or written AIG Call Option) and all initially sold, or written, AIG Put Options (excluding those AIG Put Options sold, or written, to cover or otherwise offset a previously purchased AIG Put Option) during the period from October 28, 1999 through April 1, 2005.

Artificial inflation and Recognized Losses as to AIG Call Options and artificial deflation and Recognized Losses as to AIG Put Options will be computed based on the artificial inflation in AIG's common stock as described above. To determine artificial inflation for AIG Call Options and artificial deflation for AIG Put Options, Lead Plaintiff's damages consultant considered these securities' price changes that occurred in reaction to certain public announcements regarding AIG and then made adjustments for changes that were attributable to market forces unrelated to the alleged fraud in prices of such call and put options. Lead

Plaintiff's damages consultant then developed formulas (see below) from which the Recognized Losses for AIG Call and Put Options may be calculated.

You will be eligible for a recovery under the Plan only to the extent you have a net loss on your combined transactions in AIG common stock and options.

AIG Call Options

With respect to purchases and sales (covers) of AIG Call Options during the period from October 28, 1999 through April 1, 2005, the artificial inflation per Option on a given day shall be the dollar reduction in the value of the AIG Call Option with the same exercise (or strike price) and same date of expiration on that day as a result of the inflation in AIG's common share price at the close of trading. The dollar reduction in the value of Call Options will be calculated using the Black-Scholes call option pricing formula (using the implied volatility for an at-the-money call option, annual dividend yield, and the appropriate annual interest rate on that day as set forth in Table 3 below) and the closing share price of AIG common stock on the transaction date ("AIG Price" as set forth in Table 3) compared with the Black-Scholes call option pricing formula value for the Call Option using the uninflated share closing share price of AIG common stock ("AIG True Value" as set forth in Table 3) on that same date.

A. For such Call Options which (1) expired, were exercised or were sold (or the position was otherwise closed out) prior to October 14, 2004, (2) were purchased on or after October 15, 2004 and expired, were exercised or were sold (or the position was otherwise closed out) sold on or before March 16, 2005, or (3) were purchased on or after March 17, 2005, and expired, were exercised or were sold (or the position was otherwise closed out) on or before March 29, 2005, the Recognized Loss shall be 10% times that number of options multiplied by the lesser of:

1. the difference between artificial inflation per Call Option on the date of purchase and artificial inflation per Call Option on the date of expiration, exercise, or sale, as appropriate; or

2. the difference between the purchase price per option and the sale price or value realized upon exercise or expiration per option ($0.00 if the call option expired worthless).

B. For such Call Options not covered by A above which (1) expired after October 13, 2004 and on or before April 1, 2005; (2) were exercised for cash (or the shares immediately sold) on or between October 14, 2004 and April 1, 2005; or (3) were sold (position closed out) on or between October 14, 2004 and April 1, 2005, the Recognized Loss shall be that number of options multiplied by the lesser of:

1. the difference between artificial inflation per Call Option on the date of purchase and artificial inflation per Call Option on the date of expiration, exercise, or sale, as appropriate; or

2. the difference between the purchase price per option and the sale price or value realized upon exercise or expiration per option ($0.00 if the call option expired worthless).

C. For such Call Options not covered by A above which (1) expired worthless after October 14, 2004 or (2) were retained at the end of trading on April 1, 2005, the Recognized Loss shall be that number of options multiplied by the lesser of:

1. the artificial inflation per Call Option on the date of purchase; or

2. the difference between the purchase price per option and the sale or realized proceeds price per option ($0.00 if the call option expired worthless).

AIG Put Options

With respect to AIG Put Options written or purchased (covered) during the period from October 28, 1999 through April 1, 2005, the artificial deflation per AIG Put Option on a given day shall be the dollar decrease in the value of an AIG Put Option with the same exercise price and expiration date as the subject option at the close of trading on that day as a result of the inflation in AIG's common share price. The dollar decrease (artificial deflation) in the value of the Put Option will be calculated using the Black-Scholes put option pricing formula (using the implied volatility for an at-the-money put option, annual dividend yield, and annual interest rate on that day set forth in Table 3 below) and the closing share price of AIG common stock on the transaction date ("AIG Price" as set forth in Table 3) compared with the Black-Scholes pricing formula value for the Put Option using the uninflated share closing share price of AIG common stock ("AIG True Value" as set forth in Table 3) on that same date.

A. For such Put Options which (1) expired, were exercised or were purchased/covered (position closed out) prior to October 14, 2004, (2) were written on or after October 15, 2004 and expired, were exercised or were purchased/covered (position closed out) on or before March 16, 2005, or (3) were written on or after March 17, 2005, and expired, were exercised or were purchased/covered (position closed out) on or before March 29, 2005, the Recognized Loss shall be 10% times that number of options multiplied by the lesser of:

1. the difference between artificial deflation per Put Option on the date the option was written and artificial deflation per Put Option on the date of expiration, exercise, or purchase, as appropriate; or

2. the difference between the purchase price, exercise price, or expiration price per option paid ($0.00 if the put option expired worthless) and the written price per option received.

B. For such initially written (sold) Put Options not covered by A above which (1) expired after October 13, 2004 and on or before April 1, 2005; (2) were exercised on or between October 14, 2004 and April 4, 2005; or (3) were purchased/covered (position closed out) on or between October 14, 2004 and April 1, 2005, the Recognized Loss shall be that number of options multiplied by the lesser of:

1. the difference between artificial deflation per Put Option on the date the option was written and artificial deflation per Put Option on the date of expiration, exercise, or purchase, as appropriate; or

2. the difference between the purchase price, exercise price, or expiration price per option paid ($0.00 if the put option expired worthless) and the written price per option received.

C. For such initially written (sold) Put Options not covered by A above which were retained at the end of trading on April 1, 2005, the Recognized Loss shall be that number of options multiplied by the lesser of:

1. the artificial deflation per Put Option on the date the put option was written; or

2. the difference between the purchase price, exercise price, or expiration price per option paid ($0.00 if the put option expired worthless) and the written price per option received, if purchased (covered), expired, or exercised on or before June 29, 2005.

Table 3

Start	End	Avg. AIG Price	Avg. AIG True Value	Avg. AIG Inflation	Avg. Call Volatility	Avg. Put Volatility	Avg. Interest Rate	Avg. Dividend Yield
10/28/1999	12/31/1999	$70.71	$60.88	$9.83	33.58%	34.45%	5.69%	0.19%
1/3/2000	4/2/2000	$65.15	$56.09	$9.06	37.49%	38.07%	6.19%	0.21%
4/3/2000	7/2/2000	$76.62	$65.97	$10.65	38.42%	39.40%	6.22%	0.18%
7/3/2000	10/1/2000	$86.41	$74.40	$12.01	28.14%	29.13%	6.13%	0.17%
10/2/2000	12/31/2000	$96.57	$83.15	$13.42	31.39%	34.09%	5.91%	0.15%
1/2/2001	2/7/2001	$87.00	$74.91	$12.09	32.75%	33.80%	4.80%	0.17%
2/8/2001	4/1/2001	$81.28	$68.19	$13.09	31.12%	34.46%	4.45%	0.18%
4/2/2001	4/25/2001	$78.39	$64.11	$14.28	32.30%	33.61%	3.99%	0.19%
4/26/2001	7/1/2001	$82.73	$65.19	$17.54	22.12%	22.36%	3.70%	0.20%
7/2/2001	7/25/2001	$84.58	$66.65	$17.93	21.59%	21.28%	3.63%	0.20%
7/26/2001	9/30/2001	$77.60	$61.15	$16.45	29.25%	29.33%	3.25%	0.22%
10/1/2001	1/1/2002	$81.26	$64.03	$17.23	29.73%	29.60%	2.24%	0.21%
1/2/2002	3/31/2002	$74.72	$58.88	$15.84	28.17%	28.58%	2.32%	0.23%
4/1/2002	6/30/2002	$68.74	$54.17	$14.57	29.57%	29.62%	2.35%	0.26%
7/1/2002	9/30/2002	$61.21	$48.23	$12.98	45.13%	45.38%	1.81%	0.31%
10/1/2002	12/31/2002	$61.66	$48.59	$13.07	41.78%	41.79%	1.53%	0.31%
1/2/2003	3/31/2003	$53.02	$41.78	$11.24	39.69%	39.96%	1.30%	0.36%
4/1/2003	6/30/2003	$56.26	$44.33	$11.93	31.41%	31.70%	1.15%	0.40%
7/1/2003	9/30/2003	$60.22	$47.45	$12.77	27.67%	27.76%	1.22%	0.43%
10/1/2003	12/31/2003	$60.77	$47.89	$12.88	24.54%	24.53%	1.30%	0.43%
1/2/2004	3/31/2004	$71.45	$56.30	$15.15	22.65%	22.66%	1.22%	0.36%
4/1/2004	6/30/2004	$72.62	$57.22	$15.40	23.37%	23.38%	1.78%	0.38%
7/1/2004	9/30/2004	$70.02	$55.18	$14.84	21.88%	21.89%	2.08%	0.43%
10/1/2004	10/13/2004	$67.32	$53.05	$14.27	22.23%	21.79%	2.22%	0.45%

Start	End	Avg. AIG Price	Avg. AIG True Value	Avg. AIG Inflation	Avg. Call Volatility	Avg. Put Volatility	Avg. Interest Rate	Avg. Dividend Yield
10/14/2004	10/14/2004	$60.00	$51.50	$8.50	39.05%	38.52%	2.15%	0.50%
10/15/2004	12/31/2004	$62.66	$55.64	$7.02	25.56%	25.63%	2.52%	0.66%
1/3/2005	2/13/2005	$67.33	$59.79	$7.54	18.76%	18.76%	2.89%	0.74%
2/14/2005	3/15/2005	$67.09	$59.58	$7.51	20.34%	20.34%	3.17%	0.75%
3/16/2005	3/29/2005	$58.34	$53.38	$4.96	29.70%	29.70%	3.36%	0.86%
3/30/2005	4/4/2005	$54.21	$53.38	$0.83	37.58%	37.58%	3.36%	0.92%
4/5/2005	6/29/2005	$53.76	$53.76	$-	27.80%	27.80%	3.34%	1.02%

Calculation of Recognized Loss for AIG Debt Securities Purchases

The Class Period for purchases of AIG debt securities is from October 28, 1999 through April 1, 2005. AIG debt securities that have matured, were called, put or converted were not damaged by the alleged fraud and, therefore, shall not be eligible for recovery under the Plan and all transactions in such securities shall be ignored. The AIG debt securities outstanding as of October 13, 2004 and eligible to participate in recovery under the Plan are listed in Table 4 below. You will be eligible for recovery under the Plan only to the extent you have a net loss on your transactions in AIG debt securities.

The "AIG Debt Settlement Fund" shall be created by apportioning up to 5% of the Distribution Amount. If the Total Recognized Losses for AIG debt securities eligible to participate under the Plan are equal to or less than the AIG Debt Settlement Fund, then such Total Recognized Losses shall be recoverable and the remaining portion, if any, of the AIG Debt Settlement Fund shall revert back to the Distribution Amount for recovery under the AIG Common Stock and AIG Call and Put Options provisions of this Plan. If the Total Recognized Losses for AIG debt securities eligible to participate under the Plan are more than the AIG Debt Settlement Fund, such Total Recognized Losses shall be paid *pro rata*.

Calculation of Recognized Loss for AIG Debt Securities shall be as follows:

For AIG debt securities purchased on or between October 28, 1999 and April 1, 2005, the following Recognized Losses shall be allowed:

A. For each unit sold on or between October 28, 1999 and October 13, 2004, the Recognized Loss shall be 5% of the difference between the purchase price paid and the sale price received (out-of-pocket investment loss);

B. For each unit sold on or between October 14, 2004 and March 14, 2005, the Recognized Loss shall be 10% of the difference between the purchase price paid and the sale price received (out-of-pocket investment loss);

C. For each unit sold on or between March 15, 2005 and April 1, 2005, the Recognized Loss shall be 15% of the difference between the purchase price paid and the sale price received (out-of-pocket investment loss);

D. For each unit sold on or between April 2, 2005 and June 29, 2005, the Recognized Loss shall be 15% of the lesser of: (i) the difference between the purchase price paid and the sale price received (out-of-pocket investment loss); or (ii) the difference between the purchase price paid and the average price on date of sale in Table 5 below;

E. For each unit sold on or between June 30, 2005 and December 15, 2010, the Recognized Loss shall be 15% of the lesser of: (i) the difference between the purchase price paid and the sale price received (out-of-pocket investment loss); or (ii) the difference between the purchase price paid and the average price as of June 29, 2005 as set forth in Table 5 below;

F. For each unit held as of the close of business on April 1, 2005 and not sold as of December 15, 2010, the Recognized Loss shall be 15% of the difference between the purchase price paid and the average price as of June 29, 2005 as set forth in Table 5 below; and

G. For each unit that was (a) sold on or between October 28, 1999 and October 13, 2004, (b) purchased on or after October 15, 2004 and sold on or before March 16, 2005, or (c) purchased on or after March 17, 2005, and sold on or before March 29, 2005, the Recognized Loss shall be subject to a further limit of 0.5% of the purchase price.

The Recognized Loss for damages for units purchased during the Class Period shall be further limited (as provided for under the PSLRA) to the smallest of the following: (i) the difference between the price paid and the price received (out-of-pocket investment loss) if sold on or before June 29, 2005; (ii) the difference between the price paid (excluding all fees and commissions) and the average closing price as set forth in Table 5 below if sold between April 4, 2005 and December 15, 2010; or (iii) the difference between the price paid and the average price as of June 29, 2005 as set forth in Table 5 below, if held as of the close of business on June 29, 2005.

Table 4: AIG Debt Securities Eligible to Participate

Coupon	Maturity Date	CUSIP or ISIN
Zero	9-Nov-31	CUSIP No. 026874AP2
0.5%	15-May-07	CUSIP No. 026874AN7
2.85%	1-Dec-05	CUSIP No. 02687QBB3
2.875%	15-May-08	CUSIP No. 026874AQ0
2.875%	15-May-08	ISIN No. USU02687AB48
2.875%	15-May-08	CUSIP No. 026874AR8
4.25%	15-May-13	CUSIP No. 026874AS6
4.25%	15-May-13	ISIN No. USU02687AC21
4.25%	15-May-13	CUSIP No. 026874AT4

Table 5: PSLRA Loss Limitation Table for AIG Debt Securities

Coupon	Zero	0.500%	2.850%	2.875%	2.875%	2.875%	4.250%	4.250%	4.250%
Maturity Date	11/9/2031	5/15/2007	12/1/2005	5/15/2008	5/15/2008	5/15/2008	5/15/2013	5/15/2013	5/13/2013
Issue Date	11/9/2001	5/11/2000	12/2/2002	5/15/2003	5/15/2003	4/20/2004	5/15/2003	5/15/2003	4/20/2004
CUSIP/ISIN Number	026874AP2	026874AN7	02687QBB3	026874AQ0	USU02687AB48	026874AR8	026874AS6	USU02687AC21	026874AT4
Series	Registered	Registered	Registered	144A	Regulation S	Registered	144A	Regulation S	Registered
Date	**Average Price**	**Average Price**	**Average Price**	**Average Price**	**Average Price**	**Average Price**	**Average Price**	**Average Price**	**Average Price**
4/1/2005	$65.63	$91.88	$99.54	$95.07	$95.07	$95.07	$94.25	$94.25	$94.25
4/4/2005	$65.81	$92.13	$99.55	$94.75	$94.75	$94.75	$93.44	$93.44	$93.44
4/5/2005	$65.83	$92.17	$99.55	$94.76	$94.76	$94.76	$93.58	$93.58	$93.58
4/6/2005	$65.84	$92.22	$99.55	$94.80	$94.80	$94.80	$93.71	$93.71	$93.71
4/7/2005	$65.85	$92.25	$99.55	$94.82	$94.82	$94.82	$93.74	$93.74	$93.74
4/8/2005	$65.83	$92.27	$99.56	$94.81	$94.81	$94.81	$93.75	$93.75	$93.75
4/11/2005	$65.84	$92.29	$99.56	$94.82	$94.82	$94.82	$93.78	$93.78	$93.78
4/12/2005	$65.84	$92.30	$99.56	$94.84	$94.84	$94.84	$93.88	$93.88	$93.88
4/13/2005	$65.85	$92.29	$99.56	$94.87	$94.87	$94.87	$93.88	$93.88	$93.88
4/14/2005	$65.85	$92.30	$99.56	$94.91	$94.91	$94.91	$93.89	$93.89	$93.89
4/15/2005	$65.85	$92.32	$99.57	$94.97	$94.97	$94.97	$93.95	$93.95	$93.95
4/18/2005	$65.85	$92.33	$99.58	$95.02	$95.02	$95.02	$94.01	$94.01	$94.01
4/19/2005	$65.86	$92.35	$99.58	$95.07	$95.07	$95.07	$94.08	$94.08	$94.08
4/20/2005	$65.86	$92.37	$99.59	$95.11	$95.11	$95.11	$94.12	$94.12	$94.12
4/21/2005	$65.86	$92.37	$99.59	$95.12	$95.12	$95.12	$94.14	$94.14	$94.14
4/22/2005	$65.87	$92.38	$99.59	$95.14	$95.14	$95.14	$94.16	$94.16	$94.16
4/25/2005	$65.88	$92.39	$99.59	$95.16	$95.16	$95.16	$94.19	$94.19	$94.19
4/26/2005	$65.89	$92.40	$99.60	$95.17	$95.17	$95.17	$94.21	$94.21	$94.21
4/27/2005	$65.91	$92.41	$99.60	$95.18	$95.18	$95.18	$94.23	$94.23	$94.23
4/28/2005	$65.93	$92.43	$99.60	$95.21	$95.21	$95.21	$94.28	$94.28	$94.28
4/29/2005	$65.93	$92.44	$99.60	$95.22	$95.22	$95.22	$94.31	$94.31	$94.31
5/2/2005	$65.95	$92.45	$99.60	$95.24	$95.24	$95.24	$94.32	$94.32	$94.32
5/3/2005	$65.96	$92.46	$99.60	$95.25	$95.25	$95.25	$94.34	$94.34	$94.34
5/4/2005	$65.97	$92.48	$99.61	$95.26	$95.26	$95.26	$94.35	$94.35	$94.35
5/5/2005	$65.98	$92.50	$99.61	$95.28	$95.28	$95.28	$94.38	$94.38	$94.38
5/6/2005	$65.98	$92.50	$99.61	$95.28	$95.28	$95.28	$94.37	$94.37	$94.37
5/9/2005	$65.99	$92.51	$99.61	$95.28	$95.28	$95.28	$94.37	$94.37	$94.37
5/10/2005	$66.00	$92.53	$99.61	$95.28	$95.28	$95.28	$94.39	$94.39	$94.39

Table 5: PSLRA Loss Limitation Table for AIG Debt Securities

5/11/2005	$66.00	$92.54	$99.61	$95.28	$95.28	$95.28	$94.40	$94.40	$94.40
5/12/2005	$66.01	$92.56	$99.61	$95.29	$95.29	$95.29	$94.42	$94.42	$94.42
5/13/2005	$66.02	$92.58	$99.61	$95.30	$95.30	$95.30	$94.44	$94.44	$94.44
5/16/2005	$66.03	$92.59	$99.61	$95.30	$95.30	$95.30	$94.43	$94.43	$94.43
5/17/2005	$66.03	$92.61	$99.61	$95.31	$95.31	$95.31	$94.43	$94.43	$94.43
5/18/2005	$66.04	$92.63	$99.61	$95.31	$95.31	$95.31	$94.44	$94.44	$94.44
5/19/2005	$66.04	$92.63	$99.61	$95.32	$95.32	$95.32	$94.44	$94.44	$94.44
5/20/2005	$66.05	$92.64	$99.61	$95.31	$95.31	$95.31	$94.45	$94.45	$94.45
5/23/2005	$66.05	$92.65	$99.61	$95.32	$95.32	$95.32	$94.47	$94.47	$94.47
5/24/2005	$66.06	$92.66	$99.61	$95.32	$95.32	$95.32	$94.49	$94.49	$94.49
5/25/2005	$66.06	$92.68	$99.61	$95.33	$95.33	$95.33	$94.51	$94.51	$94.51
5/26/2005	$66.06	$92.70	$99.61	$95.33	$95.33	$95.33	$94.53	$94.53	$94.53
5/27/2005	$66.07	$92.71	$99.61	$95.33	$95.33	$95.33	$94.55	$94.55	$94.55
5/31/2005	$66.07	$92.73	$99.61	$95.34	$95.34	$95.34	$94.59	$94.59	$94.59
6/1/2005	$66.08	$92.75	$99.61	$95.36	$95.36	$95.36	$94.64	$94.64	$94.64
6/2/2005	$66.08	$92.77	$99.61	$95.37	$95.37	$95.37	$94.70	$94.70	$94.70
6/3/2005	$66.08	$92.79	$99.61	$95.38	$95.38	$95.38	$94.74	$94.74	$94.74
6/6/2005	$66.08	$92.80	$99.61	$95.40	$95.40	$95.40	$94.78	$94.78	$94.78
6/7/2005	$66.09	$92.81	$99.61	$95.41	$95.41	$95.41	$94.82	$94.82	$94.82
6/8/2005	$66.10	$92.82	$99.61	$95.42	$95.42	$95.42	$94.86	$94.86	$94.86
6/9/2005	$66.10	$92.82	$99.61	$95.43	$95.43	$95.43	$94.89	$94.89	$94.89
6/10/2005	$66.11	$92.83	$99.61	$95.44	$95.44	$95.44	$94.92	$94.92	$94.92
6/13/2005	$66.12	$92.83	$99.61	$95.45	$95.45	$95.45	$94.93	$94.93	$94.93
6/14/2005	$66.13	$92.83	$99.61	$95.45	$95.45	$95.45	$94.95	$94.95	$94.95
6/15/2005	$66.14	$92.84	$99.61	$95.46	$95.46	$95.46	$94.96	$94.96	$94.96
6/16/2005	$66.15	$92.84	$99.61	$95.46	$95.46	$95.46	$94.98	$94.98	$94.98
6/17/2005	$66.15	$92.85	$99.61	$95.47	$95.47	$95.47	$95.00	$95.00	$95.00
6/20/2005	$66.15	$92.86	$99.61	$95.48	$95.48	$95.48	$95.01	$95.01	$95.01
6/21/2005	$66.15	$92.87	$99.61	$95.48	$95.48	$95.48	$95.03	$95.03	$95.03
6/22/2005	$66.16	$92.88	$99.62	$95.49	$95.49	$95.49	$95.06	$95.06	$95.06
6/23/2005	$66.17	$92.88	$99.62	$95.50	$95.50	$95.50	$95.09	$95.09	$95.09
6/24/2005	$66.18	$92.89	$99.62	$95.52	$95.52	$95.52	$95.12	$95.12	$95.12
6/27/2005	$66.19	$92.89	$99.62	$95.53	$95.53	$95.53	$95.15	$95.15	$95.15
6/28/2005	$66.20	$92.90	$99.62	$95.54	$95.54	$95.54	$95.17	$95.17	$95.17
6/29/2005	$66.20	$92.91	$99.62	$95.55	$95.55	$95.55	$95.19	$95.19	$95.19

How do I participate in the Settlement? What do I need to do?

The Court has certified the Settlement Class for purposes of this Settlement only. As discussed above, if you purchased or acquired AIG Securities during the period from October 28, 1999 through April 1, 2005, inclusive and you were damaged and you are not one of the people specifically excluded by the definition of the Settlement Class, you are a Settlement Class Member unless you take steps to get out of the Settlement Class.

As a Settlement Class Member, you will be bound by the proposed Settlement provided for in the Agreement if it is approved by the Court, as well as by any judgment or determination of the Court affecting the Settlement Class. Even if you do not submit a Proof of Claim form or Release Form to receive a part of the recovery, unless otherwise provided by the Court, you will be forever barred from receiving any payments pursuant to the Settlement set forth in the Agreement, but will, in all other respects, be subject to the provisions of the Agreement, including the terms of any judgments entered and the releases given.

To qualify for a payment if you did NOT submit a Proof of Claim in the PwC and/or Company Settlements, you must timely send in a completed Proof of Claim form with supporting documents (DO NOT SEND ORIGINALS) to the Administrator. DO NOT SEND Proof of Claim forms to counsel for the Settling Parties or the Court. A Proof of Claim form is being circulated with this Notice to Settlement Class Members who have not submitted a Proof of Claim in either the PwC Settlement or the Company Settlement. You may also get a Proof of Claim form on the Internet at the websites for the Administrator: www.AIGSecuritiesLitigationStarrSettlement.com, or Lead Plaintiff's counsel: www.labaton.com. Please read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it to the Administrator by first class mail, **postmarked no later than June 4, 2012**. The Administrator needs all of the information requested in the Proof of Claim in order to determine what you may be entitled to.

If you already submitted a Proof of Claim form in the PwC and/or Company Settlements, the trading information you already supplied will be used to determine your claim in this Settlement. DO NOT submit another Proof of Claim. Instead, you should have received a Release Form with this Notice, which must be completed and signed in order for you to recover. (*See* "What if I already submitted a claim form in the PwC and/or Company Settlements?" below) However, if you have additional transactional information that you did not submit on your PwC and/or Company Proof of Claim form that you would like considered in the calculation of your claim in this Settlement with the Starr Defendants, submit a Proof of Claim in this Settlement.

The Court may disallow or adjust the claim of any Settlement Class Member. The Court also may modify the Plan of Allocation without further notice to the Settlement Class. Each Claimant will be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her or its Proof of Claim form.

If you do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section called, "What if I do not want to participate in the Settlement? How do I exclude myself?" below.

If you object to the Settlement or any of its terms, the proposed Plan of Allocation, Lead Plaintiff's counsel's application for attorneys' fees and reimbursement of litigation expenses, or Lead Plaintiff's application for expenses and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section called, "What if I want to object to the Settlement? When and where will the Court decide whether to approve the Settlement? May I speak at the Hearing if I do not like the Settlement" below.

What if I already submitted a claim form in the PwC and/or Company Settlements?

If you have already submitted a Proof of Claim form in connection with the previously announced PwC and/or Company Settlements, DO NOT complete a new Proof of Claim form now. The trading information you already provided will be used to determine your claim in this settlement with the Starr Defendants. Instead, you must complete and submit a Release Form and mail it to the Administrator by first class mail, **postmarked no later than June 4, 2012,** in order to recover. Alternatively, you may submit your Release Form through the Administrator's website, www.AIGSecuritiesLitigationStarrSettlement.com.

What if I do not want to participate in the Settlement? How do I exclude myself?

Each Settlement Class Member will be bound by all determinations and judgments in this Action concerning the Settlement, whether favorable or unfavorable, unless such person mails, by first class mail, a written request for exclusion from the Settlement Class, **postmarked no later than May 25, 2012**, addressed to *In re AIG Securities Litigation – Starr Defendants EXCLUSIONS*, c/o Rust Consulting, Inc., P.O. Box 24676, West Palm Beach, FL 33416. No person may exclude himself, herself or itself from the Settlement Class after this deadline. You may not exclude yourself by telephone or e-mail.

In order to be valid, each request for exclusion must set forth the name and address of the person or entity requesting exclusion, must state that such person or entity "requests exclusion from the Starr Defendants Settlement Class in *In re AIG Securities Litigation*, Master File No. 04-8141 (DAB)" and must be signed by such person or entity. The following information **must also** be provided: your name, your address, your daytime telephone number; and documents establishing the date(s), price(s), and number(s) of shares of all purchases, other acquisitions and sales of AIG Securities during the Class Period. Requests for exclusion will NOT be accepted if the requests do not include the required information, are undocumented or if the requests are not made within the time stated above, unless the requests for exclusion are otherwise accepted by the Court.

If a Settlement Class Member requests to be excluded from the Settlement Class, that Settlement Class Member will not receive any benefit provided for in the Agreement.

If a Settlement Class Member requests exclusion from the Settlement Class and later seeks to pursue an action against the Starr Defendants and to obtain discovery taken by Lead Plaintiff's Counsel, Lead Plaintiff will in all likelihood seek advance payment on behalf of the Settlement Class for the reasonable costs (including the value of Lead Plaintiff's Counsel's time, *i.e.*, "lodestar") related to such discovery. If Lead Plaintiff and any such person or entity are unable to agree upon the amount of such compensation, Lead Plaintiff will in all likelihood make a motion requesting payment. If Lead Plaintiff elects to do so, it will request, for example, an order from the Court providing that such a person or entity that timely and validly excludes itself from the Settlement Class and subsequently files a claim against the Starr Defendants related to the matters covered by the Settlement shall be required to compensate the Settlement Class for the costs (including lodestar) associated with any deposition transcripts (including exhibits) it receives in connection with such legal proceeding if the depositions were taken as part of discovery in the Action. Likewise, Lead Plaintiff may make a motion if any such person or entity seeks access to the electronic document repository, currently hosting more than 53.5 million pages of documents, that was established and maintained in significant part by Lead Plaintiff. Lead Plaintiff may seek an order requiring such person or entity to compensate the Settlement Class a reasonable amount for the costs (including lodestar) associated with establishing and maintaining the electronic document repository since August 2006.

Lead Plaintiff may request that the amount of such compensation shall be determined by the Court based on the size of the claim being asserted, using the number of allegedly damaged shares owned by the excluded Settlement Class Member, and the cost to the Settlement Class of obtaining the discovery being sought, which shall include Lead Plaintiff's Counsel's lodestar and expenses directly or indirectly related to that discovery. Discovery in the Action included 97 depositions, based upon, *inter alia*, the review and analysis of the 53.5 million pages of documents mentioned above. Lead Plaintiff's Counsel represents that the aggregate amount of Lead Plaintiff's Counsel's lodestar attributable to discovery efforts alone is tens of millions of dollars.

The Starr Defendants are not required to join in any such application.

What if I want to object to the Settlement? May I speak at the Fairness Hearing if I do not like the Settlement?

No Settlement Class Member must attend the Fairness Hearing, but you can attend at your own expense.

Any Settlement Class Member who does not request exclusion by May 25, 2012 may ask the Court to consider their objection to any of the matters to be considered at the Fairness Hearing (and may also appear at the Fairness Hearing) provided, however, that **no such person shall be heard unless** his, her or its objection is made in writing and is filed, together with copies of all other papers and briefs to be submitted to the Court for the Fairness Hearing, by him, her or it (including documentation of all purchases, acquisitions and sales of AIG Securities during the Class Period) with the Clerk's Office at the United States District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, New York 10007, **postmarked no later than May 25, 2012**, and is served on the same day, by first class mail, hand or overnight delivery to each of the following:

Thomas A. Dubbs, Esq.
Louis Gottlieb, Esq.
Labaton Sucharow LLP
140 Broadway
New York, NY 10005

Lead Counsel for Lead Plaintiff and the Settlement Class

David Boies, Esq.
Robert J. Dwyer, Esq.
Boies, Schiller & Flexner LLP
575 Lexington Avenue, 7th Floor
New York, NY 10022

Counsel for Maurice R. Greenberg, C.V. Starr & Co., Inc. and Starr International Company, Inc.

Vincent A. Sama, Esq.
Kaye Scholer LLP
425 Park Avenue
New York, NY 10022

Counsel for Howard I. Smith

Frederick P. Hafetz, Esq.
Noah E. Shelanski, Esq.
Hafetz Necheles & Rocco
500 5th Avenue, 29th Floor
New York, NY 10110

Counsel for Christian M. Milton

Charles I. Poret, Esq.
Benjamin E. Rosenberg, Esq.
Dechert LLP
1095 Avenue of the Americas
New York, NY 10036

Counsel for Michael J. Castelli

You must include your name, address, telephone number, and your signature, document the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of AIG Securities you made during the Class Period, and state the reasons why you object to the Settlement. This information is needed to demonstrate your membership in the Settlement Class. **Only Settlement Class Members who have submitted their position in this manner will be entitled to object. The Settling Parties may seek further information, including testimony, about your objection prior to the Fairness Hearing.** You may file an objection without appearing at the Fairness Hearing. Settlement Class Members who approve of the Settlement do not need to appear at the Fairness Hearing.

While attendance at the Fairness Hearing is not necessary, persons wishing to be heard orally are required to indicate in their written objections their intention to appear at the Fairness Hearing. **No one will be heard at the Fairness Hearing who has not sought and been granted by the Court permission to speak ten (10) days prior to the Fairness Hearing.** Persons who intend to object to the Settlement or any of its related matters and desire to present evidence at the Fairness Hearing must also include in their written objections the identity of any witnesses they may seek to call to testify and exhibits they may seek to introduce into evidence at the Fairness Hearing.

The Fairness Hearing may be rescheduled from time to time by the Court without further written notice to the Settlement Class. If you intend to attend the Fairness Hearing, you should confirm the date and time with Lead Plaintiff's counsel.

UNLESS OTHERWISE ORDERED BY THE COURT, ANY SETTLEMENT 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.

Special Notice to Securities Brokers and other Nominees

If you purchased AIG Securities (as defined herein) during the Class Period for the beneficial interest of a person or organization other than yourself, you are directed (a) to provide the Administrator with lists of the names and last known addresses of the beneficial owners for whom you have purchased AIG Securities during the Class Period within seven (7) days of receipt of this Notice, or (b) to request additional copies of this Notice and Proof of Claim form within seven (7) days of receipt of this Notice and to send the Notice and Proof of Claim form to the beneficial owners. If you elect to send this Notice and Proof of Claim form to beneficial owners, you are directed to mail this Notice and Proof of Claim form within seven (7) days of receipt of the copies of this Notice from the Administrator, and, upon such mailing, you shall send a statement to the Administrator confirming that the mailing was made as directed. If you comply with the requirements above, you shall be reimbursed from the Cash Settlement Account after receipt by the Administrator of proper documentation for the reasonable expenses of sending the Notices and Proofs of Claim to the beneficial owners. If you choose to follow the first alternative, you must retain the list of names and addresses so that it will be available for use in connection with future notice to the Settlement Class. Copies of this Notice may also be obtained from the Administrator or may be downloaded from Lead Plaintiffs' counsel's website at www.labaton.com.

Can I see the Court file? Who should I contact if I have questions?

This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the matters involved in the Action, you are referred to the papers on file in the Action, including the Agreement of Compromise and Settlement and the Court's February 22, 2010 Order granting certification of a litigation class, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, New York 10007.

All inquiries concerning this Notice, the Proof of Claim form, the Release Form or any questions regarding the Settlement should be directed to:

AIG Securities Litigation – Starr Defendants
c/o Rust Consulting, Inc., Administrator
P.O. Box 9433
Faribault, MN 55021-9433
Toll Free: (888) 356-0263
Email: info@AIGSecuritiesLitigationStarrSettlement.com
www.AIGSecuritiesLitigationStarrSettlement.com

PLEASE DO NOT CONTACT THE COURT OR AIG REGARDING THESE MATTERS. THEY WILL NOT BE ABLE TO ANSWER YOUR QUESTIONS.

DATED: February 24, 2012

BY ORDER OF THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK