

## **CONTINGENT AGREEMENT OF COMPROMISE AND SETTLEMENT**

This Agreement of Compromise and Settlement (the "Agreement" or "Settlement") is entered into among the Ohio Public Employees Retirement System, State Teachers Retirement System of Ohio and Ohio Police & Fire Pension Fund (collectively, the "Lead Plaintiff"), on behalf of the Settlement Class (as defined below), and 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") (the Lead Plaintiff and the Starr Defendants collectively, the "Settling Parties"), by and through their respective counsel.

### **RECITALS**

#### **WHEREAS:**

1. Beginning on October 15, 2004, at least ten class actions alleging violations of federal securities laws against American International Group, Inc. ("AIG") and others were filed in this Court. By Order dated February 8, 2005, the Court consolidated these actions under the caption In re American International Group, Inc. Securities Litigation, Master File No. 04 Civ. 8141 (JES). By Order dated February 8, 2005, the Court also appointed the Ohio Public Employees Retirement System, State Teachers Retirement System of Ohio and Ohio Police & Fire Pension Fund to serve as Lead Plaintiff in the consolidated action; and by the same Order the Court approved the selection of Goodkind Labaton Rudoff & Sucharow LLP (now Labaton Sucharow LLP) and Hahn Loeser & Parks LLP as co-lead counsel for the purported class.
2. The Consolidated Amended Class Action Complaint, filed April 19, 2005; the Consolidated Second Amended Class Action Complaint, filed September 27, 2005; and the Consolidated Third Amended Class Action Complaint,

filed December 15, 2006, generally allege, among other things, violations of the federal securities laws against AIG, certain former members of AIG's senior management, the Starr Defendants and others in connection with AIG's press releases and filings with the Securities and Exchange Commission. Defendants named in the Action are: AIG; Maurice R. Greenberg; Howard I. Smith; Martin J. Sullivan; Thomas R. Tizzio; Michael J. Castelli; Christian M. Milton; L. Michael Murphy; John A. Graf; Frank J. Hoenemeyer; Eli Broad; Starr International Company, Inc.; C.V. Starr & Co., Inc.; Richmond Insurance Company Ltd.; Wachovia Securities, Inc.; Merrill Lynch & Co.; Pricewaterhouse Coopers LLP; General Reinsurance Corp.; Ronald E. Ferguson; John B. Houldsworth; and Richard Napier (collectively the "Defendants").

3. There has been extensive discovery in the Action (as defined below). In the course of this litigation, the total document production by parties and non-parties exceeds 53 million pages, of which nearly 835,000 were produced by the Starr Defendants. Lead Plaintiff's counsel has reviewed and analyzed all of the documents produced to date. The parties have conducted more than 50 depositions.

4. This Agreement constitutes a compromise of matters that are in dispute between the Settling Parties. The Starr Defendants are entering into this Agreement solely to eliminate the uncertainties, burden and expense of further protracted litigation. The Starr Defendants have denied and continue to deny each and every allegation of liability or damage to the Settlement Class or Class Members and believe that any Claims against them are without merit. This Agreement, whether or not consummated, any proceedings related to this Agreement, or any of the terms of the Agreement, are not intended to constitute, nor should they be construed as, any

admission of liability or wrongdoing in any respect. Neither this Agreement, nor the fact of its execution, nor any of its provisions, shall be offered or received in evidence in any action or proceeding of any nature or otherwise referred to or used in any manner in any court or other tribunal, except in a proceeding to enforce the terms of the Agreement.

5. Lead Plaintiff believes that the claims asserted in the Action have merit and further believe that the evidence developed to date supports the claims asserted. However, Lead Plaintiff and its counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Starr Defendants through trial and appeals. Lead Plaintiff and its counsel have also taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in such litigation. Lead Plaintiff and its counsel are also mindful of the inherent problems of proof of and the possible defenses to the violations asserted in the Action. They believe that the settlement set forth in this Agreement confers substantial benefits upon the Settlement Class. Based on their evaluation, counsel for Lead Plaintiff and Lead Plaintiff have determined that the settlement set forth in the Agreement is in the best interests of Lead Plaintiff and the Settlement Class.

6. The Settling Parties mediated with former Judge Layn Phillips and were able to reach the settlement that is the subject of this Agreement.

7. The Settling Parties have agreed that this Settlement Agreement shall be subject to certain conditions precedent as set forth below and that this Settlement Agreement shall be held in escrow until such time that the Lead Plaintiff has

resolved its claims against AIG, by settlement agreement, judicial decision or otherwise. Simultaneous with this Settlement Agreement, the Lead Plaintiff will dismiss the Starr Defendants from this Action without prejudice and the Settling Parties will execute a tolling agreement.

8. The Settling Parties have included bar orders as a negotiated item in this Agreement. The Starr Defendants face existing and potential future claims, for contribution, indemnification or otherwise, by or on behalf of AIG and other non-settling co-defendants in the Action, arising out of or relating to the acts and transactions that are the subject of the Action. Certain of the Starr Defendants are currently named as defendants in related actions, including American International Group, Inc. Consolidated Derivative Litigation, Civ. A. No. 769 VCS (Del. Ch.) (the “Delaware Derivative Action”), In re American International Group, Inc. Derivative Litigation, Master File No. 04-cv-08406 (DLC) (S.D.N.Y.) and Teachers’ Retirement System of Louisiana et al. v. Cantwell et al. and American International Group, Inc., Index No. 650064/2009 (N.Y. Sup. Ct.), in which plaintiffs seek to recover on behalf of AIG (a non-settling co-defendant in the Action) for alleged damages to AIG, inter alia from (a) any settlement or judgment in this Action, (b) costs incurred by AIG in settling with federal and state governmental agencies and regulators, including but not limited to an SEC “Fair Fund” payment in Securities and Exchange Commission v. American International Group, Inc., No. 06 Civ. 1000 (LAP) (S.D.N.Y.), which will be distributed to the Settlement Class, and (c) legal fees, expenses and costs incurred by AIG in connection with the Action, the related governmental and regulatory investigations and actions, and AIG’s internal investigations.

9. The Settlement is expressly contingent upon the Lead Plaintiff not having exercised its right to withdraw from the Settlement, which right shall exist in the following two circumstances:

(a) It is anticipated that AIG may attempt to obtain rulings from the District Court that could bar certain claims against AIG as a result of this Settlement under the doctrine of respondent superior (and the decision In re Global Crossing, Ltd. Securities Litigation, 471 F.Supp. 2d. 338 (S.D.N.Y. 2006)). Because, *inter alia*, a corporation can only act through its employees or other agents, the Settling Parties do not believe such rulings would be proper and the Settling Parties agree to make their best efforts to oppose any such motion by AIG on this subject.

However, in the event that the District Court rules on such a motion before the Commencement of Trial, and (1) the Settling Parties agree or (2) former Judge Layn Phillips rules, upon application of counsel for Lead Plaintiff, that said pre-trial ruling triggers this contingency, then Lead Plaintiff shall have the option, within ten business days, to withdraw from the Settlement. The Settling Parties further agree that a decision by the District Court to defer a determination of this issue until after Commencement of Trial does not qualify as a pre-trial ruling permitting Lead Plaintiff to exercise its right to withdraw.

(b) If the District Court rules before the Commencement of Trial that the judgment reduction provisions of the Private Securities Litigation Reform Act (“PSLRA”), 15 U.S.C. §78u-4(f) require that any judgment against the non-settling defendants (including AIG) who were found at trial to have knowingly committed a violation of the securities laws (and thereby become jointly and severally liable pursuant

to law) shall be reduced by the greater of (i) an amount that corresponds to the percentage of the liability of the Starr Released Persons, or (ii) the Settlement Amount, then if (1) the Settling Parties agree or (2) former Judge Layn Phillips rules, upon application of the counsel for Lead Plaintiff, that said pre-trial ruling triggers this contingency, Lead Plaintiff shall have the option, within ten business days, to withdraw from the Settlement. The Settling Parties further agree that a decision by the District Court to defer a determination of this issue until after Commencement of Trial does not qualify as a pre-trial ruling permitting Lead Plaintiff to exercise its right to withdraw.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Settling Parties, through their respective attorneys, subject to approval by the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure and certain conditions set forth herein, in consideration of the benefits flowing to the Settling Parties from the Agreement, that all Starr Released Claims (as defined below) as against all Starr Released Persons (as defined below) shall be compromised, settled, released and dismissed, with prejudice and without costs, upon and subject to the following terms and conditions.

#### **DEFINITIONS**

1. “Action” means all actions consolidated under the caption In re American International Group, Inc. Securities Litigation, Master File No. 04 Civ. 8141 (DAB) (AJP) (S.D.N.Y.).
2. “Administrator” means such entity as shall be appointed by the Court in the Hearing Order to assist in administering the settlement pursuant to this Agreement.

3. "AIG Securities" means any and all publicly-traded securities issued by American International Group, Inc., whether debt or equity securities, including, without limitation, AIG common stock, the Zero Coupon Convertible Senior Debentures referenced in paragraph 189 of the Complaint, the 0.5% Cash Exchangeable Equity-Linked Senior Notes referenced in paragraph 193 of the Complaint, the 2.85% Medium-Term Notes, Series F referenced in paragraph 203 of the Complaint, the 2.875% Notes 144A securities referenced in paragraph 212 of the Complaint that were exchanged into registered like coupon bonds and the 4.25% Notes 144A securities referenced in paragraph 217 of the Complaint that were exchanged into registered like coupon bonds.

4. "Attorneys' Fees and Expenses Award" means the amounts awarded to Lead Plaintiff's counsel to compensate them for their fees and expenses in connection with investigating, prosecuting and/or settling the Action, as provided for in Section V below.

5. "Authorized Claimant" means a claimant whose Proof of Claim is allowed by the Court.

6. "Cash Settlement Account" means a segregated interest-bearing account established pursuant to the terms of an escrow agreement to be entered into by Lead Plaintiff and the Starr Defendants. The Cash Settlement Account shall be maintained as a Qualified Settlement Fund, as defined in Section I below. All monies in the Cash Settlement Account, including all interest accruing thereon, shall be deemed to be in the custody of the Court and will remain subject to the jurisdiction of the Court until such time as they are paid out as (i) Notice and Administrative Expenses, (ii)

Attorneys' Fees and Expenses Award, (iii) payment to the Lead Plaintiff of its reasonable costs and expenses (including lost wages), to the extent approved by the Court, (iv) Tax Expenses on the Cash Settlement Account or (v) distributions to Authorized Claimants after the Effective Date of this Agreement.

7. "Claims" means 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.

8. "Class Member" means a member of the Settlement Class.

9. "Class Period" means the period of time from October 28, 1999, through April 1, 2005, inclusive.

10. "Commencement of Trial" means when the first witness is sworn in.

11. "Complaint" means the Consolidated Third Amended Class Action Complaint in the Action, dated December 15, 2006.

12. "Distribution Amount" means the Settlement Amount, as defined below, plus all interest or other income earned thereon, less any Tax Expenses, less all Notice and Administrative Expenses, less the Attorneys' Fees and Expenses Award, less any award to the Lead Plaintiff of its reasonable costs and expenses (including lost wages), to the extent approved by the Court, and less any other payment authorized by the Court to be paid from those funds.

13. “Effective Date” means the date when all of the following shall have occurred: (1) the conditions precedent set forth in Recital Paragraph 9 and in Paragraph IA of the Agreement are satisfied; (2) the Notice is provided to the Settlement Class, in a manner and form approved by the Court; (3) the Fairness Hearing is held; (4) the Final Judgment is entered by the Court; and (5) the Final Judgment is affirmed on appeal or all time periods for appeals have expired under the Federal Rules of Civil and/or Appellate Procedure.

14. “Escrow Agreement” means the agreement entered into by the Settling Parties at or about the time this Agreement is executed.

15. “Execution Date” means the date on which this Agreement is filed with the Court.

16. “Fairness Hearing” means the hearing to be held by the Court to make a final decision pursuant to Fed. R. Civ. P. 23 as to whether this Agreement is fair, reasonable and adequate.

17. “Final Judgment” means the order and the judgment to be entered by the Court pursuant to Fed. R. Civ. P. 58(a) finally approving this Agreement, and dismissing the Action as to the Starr Released Persons on the merits and with prejudice.

18. “Hearing Order” means the order preliminarily approving the Agreement and directing the Notice to be provided to the Settlement Class.

19. “Notice” means the Notice of Proposed Settlement, Motion for Attorneys’ Fees and Expenses Award and Fairness Hearing, which is to be provided to the Settlement Class as specified in Section III below.

20. “Notice and Administrative Expenses” means all expenses incurred in connection with the preparation, printing and mailing of the Notice to the Settlement Class, and all expenses of settlement administration; *provided however*, that Notice and Administrative Expenses shall not include the amount of the Attorneys’ Fees and Expenses Award.

21. “Person” means an individual, corporation, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, or any business or legal entity, and their respective spouses, heirs, predecessors, successors, representatives and assignees.

22. “Plan of Allocation” means the terms and procedures for allocating the Distribution Amount among, and distributing the Distribution Amount to, Authorized Claimants, as proposed in the Notice, or such other plan of allocation as the Court shall approve.

23. “Proof of Claim” means the form which is to be sent to Class Members and the Proofs of Claim submitted in connection with the proposed settlement with defendant PricewaterhouseCoopers LLP (the “PwC Settlement”).

24. “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.

25. "Released Starr Claims" means 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 the settlement of the Action.

26. "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.

27. "Released Plaintiff Parties" means any and all of the Lead Plaintiff, the Settlement Class, Class Members and Lead Plaintiff's counsel, 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.

28. "Settlement Class" means, for purposes of this Agreement only, all persons who purchased or otherwise acquired AIG Securities during the period from

October 28, 1999 through April 1, 2005, inclusive (the “Class Period”), 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. As set forth in paragraph 152 of the Complaint, excluded from the Settlement Class are the Defendants, 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 the Settlement Class are persons who make requests for exclusion from the class in the manner and within the time period provided by Section IV below and/or by order of the Court and do not thereafter rescind such requests.

29. “Tax Expenses” means (i) all taxes on the income earned in the Cash Settlement Account, and (ii) fees and expenses incurred in connection with such taxation (including, without limitation, expenses of tax attorneys and accountants).

## **AGREEMENT**

### **I. TERMS AND CONDITIONS OF THE SETTLEMENT**

#### **A. Condition Precedent**

The Settling Parties agree that this Agreement shall only become effective once the Lead Plaintiff has resolved its claims against AIG, by settlement agreement, judicial decision or otherwise. Once that condition precedent has been met, the rights and

obligations of the Settling Parties pursuant to this Agreement will automatically take effect.

**B. Payment**

1. By no later than sixty (60) days after the execution of this Agreement or the fifteen (15) days after the Boards of the three Ohio Funds who are Lead Plaintiff approve this Settlement Agreement, whichever is later, the Starr Defendants shall make payment by wire transfer in the amount of \$115,000,000 (the "Settlement Amount") into the Cash Settlement Account established pursuant to the terms of an escrow agreement to be entered into by counsel for Lead Plaintiff and the Starr Defendants. The Settlement Amount is being paid to fully settle and resolve all Starr Released Claims by the Settlement Class, Lead Plaintiff and their respective agents and assigns against the Starr Released Persons.

2. The Settlement Amount shall be invested in securities backed by the full faith and credit of the United States Government and the proceeds of these instruments shall be reinvested as they mature in similar instruments at the then-current market rates, provided however, that any residual cash balances and cash pending investment in United States Treasury Bills, may be invested and reinvested in a money market mutual fund comprised exclusively of investments secured by the full faith and credit of the United States and in accordance with the terms of the escrow agreement to be entered into by counsel for Lead Plaintiff and the Starr Defendants. Neither the Starr Defendants nor their Counsel shall have any responsibility or liability for investment decisions.

3. If, after the Starr Defendants have paid the Settlement Amount, Lead Plaintiff or the Starr Defendants exercise their respective rights to terminate this Agreement (as specified in Section X below), the entire Settlement Amount, plus any accrued interest earned in the Cash Settlement Account, less any Notice and Administrative Expenses actually and reasonably incurred prior to termination of this Agreement and less any Tax Expenses actually and reasonably incurred in connection with the Agreement, shall be returned promptly to the Starr Defendants.

4. Lead Plaintiff's counsel may withdraw up to \$2,500,000 from the Cash Settlement Account to pay Notice and Administrative Expenses actually and reasonably incurred without prior Court approval. In the event that the Agreement is not approved or is not consummated, the entire Settlement Amount, plus any accrued interest earned in the Cash Settlement Account, less any Notice and Administrative Expenses actually and reasonably incurred in connection with this Agreement and less any Tax Expenses actually and reasonably incurred in connection with the Agreement, shall be returned promptly to the Starr Defendants. The Court may order that Notice and Administrative Expenses above \$2,500,000 that are actually and reasonably incurred be paid from the Cash Settlement Account.

**C. Qualified Settlement Fund**

1. The parties hereto agree that the Cash Settlement Account is intended to be a single Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that the Administrator shall be the "administrator" of the Cash Settlement Account within the meaning of Treasury Regulation § 1.468B-2(k)(3) and shall be responsible for filing tax returns for the Cash Settlement Account and

paying from the Cash Settlement Account any Tax Expenses with respect to the Cash Settlement Account. The parties hereto agree that all of the Cash Settlement Account shall be treated as a single Qualified Settlement Fund from the earliest date possible, and agree to any relation-back election required to treat any and all of the Cash Settlement Account as a Qualified Settlement Fund from the earliest date possible. Counsel for the Starr Defendants agrees to provide promptly to the Administrator the statement described in Treasury Regulation § 1.468B-3(e).

2. All Tax Expenses shall be paid out of the Cash Settlement Account; in all events the Starr Released Persons shall not have any liability or responsibility for the Tax Expenses or the filing of any tax returns or other documents with the Internal Revenue Service or any other state or local taxing authority. Tax Expenses shall be treated as, and considered to be, a cost of administration of the Agreement and shall be paid out of the Cash Settlement Account in a timely manner without prior order from the Court, and the Administrator shall be obligated to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts; the Starr Released Persons are not responsible and shall have no liability therefor or for any reporting requirements that may relate thereto.

**D. Distribution of the Settlement Amount**

1. In the event that the Starr Defendants do not exercise their right of termination of this Agreement, the entire Distribution Amount, including accrued interest, shall be distributed pursuant to the Plan of Allocation, as described below, provided, however, that no amounts shall be distributed to Authorized Claimants prior to the Effective Date.

2. No Person shall have any Claim against Lead Plaintiff, Lead Plaintiff's counsel, the Administrator or any of their respective agents, or against the Starr Released Persons and/or their respective counsel, with respect to or arising out of any distributions or lack thereof made under the Plan of Allocation, this Agreement or orders of the Court.

3. It is understood and agreed to by the Settling Parties that, notwithstanding any other provision of this Agreement, the proposed Plan of Allocation is not a part of this Agreement; and no order or proceedings relating to the Plan of Allocation shall operate to modify, terminate or cancel this Agreement or affect the finality of the Final Judgment.

4. The Starr Released Persons and/or their counsel shall have no role in, responsibility for, or liability with respect to the Plan of Allocation, the form, substance, method or manner of allocation, administration, or distribution of the Distribution Amount, any tax liability that a Class Member may incur as a result of this Agreement or as a result of any action taken pursuant to this Agreement, the administration or processing of claims, including, without limitation, determinations as to the validity of any Proof of Claim, the amounts of claims or distribution of the Distribution Amount, or the maintenance of the Cash Settlement Account as a Qualified Settlement Fund.

5. In the event that the Starr Defendants do not exercise their right of termination of this Agreement, Class Members shall look solely to the Distribution Amount for settlement and satisfaction of all Starr Released Claims. Except as

expressly provided by this Agreement, the Plan of Allocation, or an order of the Court, no Class Member shall have any interest in the Cash Settlement Account.

6. If the funds remaining in the Cash Settlement Account following pro rata distribution(s) to all Authorized Claimants are of such an amount that it is not cost effective or efficient to redistribute the amount to the Settlement Class, then such remaining funds, after payment of any further Notice and Administration Expenses, Tax Expenses, shall be donated to non-sectarian, not-for-profit 501(c)(3) organization(s) designated by Lead Plaintiff and Lead Plaintiff's counsel.

E. **Plan of Allocation**

1. Lead Plaintiff shall propose in the Notice a Plan of Allocation pursuant to which the Distribution Amount shall be allocated to Authorized Claimants, and shall seek approval of the Court for such Plan of Allocation at the Fairness Hearing. Approval of the proposed Plan of Allocation set forth in the Notice is not a condition to the Effective Date.

2. All cash distributions to Authorized Claimants shall be from the Distribution Amount pursuant to an approved Plan of Allocation.

3. To receive a cash distribution from the Distribution Amount, a Class Member must be an Authorized Claimant.

4. Each Class Member who wishes to receive a distribution from the Distribution Amount must complete and submit a Proof of Claim (i) by first-class mail, such that it is postmarked no later than the date set forth in the Notice, or (ii) so that it is actually received at the address on the Proof of Claim form by the date stated in the Notice, unless that date is extended by order of the Court. The address to which the

Proof of Claim must be mailed shall be stated in the Proof of Claim form itself and shall also be printed in the Notice.

5. Lead Plaintiff's counsel shall have the right, but not the obligation, to advise the Administrator to waive what Lead Plaintiff's counsel deem to be de minimis or formal or technical defects in any Proofs of Claim submitted. All Proof of Claim forms must be supported by such documents and other information as called for in the Proof of Claim, unless this requirement is waived as to specific Proof of Claims by the Administrator in consultation with Lead Plaintiff's counsel.

6. The Proof of Claim and shall include an individual release in favor of the Starr Released Persons that must be executed by all Authorized Claimants, who have not previously submitted a Proof of Claim in the PwC Settlement, in order for such Authorized Claimant to receive a distribution in accordance with the Plan of Allocation. Authorized Claimants who submitted a Proof of Claim in the PwC Settlement must execute a Release Form in order for such Authorized Claimants to receive a distribution in accordance with the Plan of Allocation. Any Class Member who fails to execute the individual release referred to herein shall nevertheless be bound by the release.

7. The validity of each Proof of Claim filed will initially be determined by the Administrator in accordance with the Plan of Allocation approved by the Court. The Administrator shall promptly advise the claimant in writing if the Administrator determines to reject the claim. Neither Lead Plaintiff's counsel, nor its designees or agents, the Starr Released Persons, or their respective counsel shall have any liability arising out of such determination. If any claimant whose claim has been rejected in whole or in part desires to contest such rejection, the claimant must, within

twenty (20) days after the date of the Administrator's mailing of the writing rejecting the claimant's claim, serve upon the Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Plaintiff's counsel shall thereafter present the request for review to the Court for summary resolution, without any right of appeal or review. Any such claimant shall be responsible for his, her or its own costs, including, without limitation, attorneys' fees, incurred in pursuing any dispute.

8. All initial determinations as to the validity of a Proof of Claim, the amount of any claims and the calculation of the extent to which each Authorized Claimant will participate in the Distribution Amount, the preparation and mailing of distributions to Authorized Claimants, and the distribution of the Distribution Amount shall be made by the Administrator. The administration of the Distribution Amount, and decisions on all disputed questions of law and fact with respect to the validity of any Proof of Claim or regarding the rejection or amount of any claim, shall remain under the jurisdiction of the Court.

9. Unless otherwise ordered by the Court, any Class Member who fails to submit a valid and timely Proof of Claim or Release Form (as applicable) shall be barred from receiving a distribution from the Distribution Amount. Any Class Member who fails to submit a valid and timely Proof of Claim or Release Form (as applicable) shall nevertheless be bound by the release and by all proceedings, orders and judgments in the Action even if he, she or it does not receive a distribution from the Distribution Amount and/or has pending, or subsequently initiates, any litigation,

arbitration or other proceeding, or has any Claim, against any or all of the Starr Released Persons that is, or relates in any way to, any Starr Released Claim.

## **II. RETENTION OF AN ADMINISTRATOR**

Lead Plaintiff shall request the Court to appoint an Administrator to help implement this Agreement. The Administrator shall perform the following functions in furtherance of the Agreement: (i) mailing or arranging for the mailing of the Notice to Class Members; (ii) answering written inquiries from Class Members and/or forwarding such inquiries to Lead Plaintiff's counsel or its designee(s), which shall be forwarded to counsel for the Starr Defendants as appropriate; (iii) receiving and maintaining on behalf of the Court any requests for exclusion from the Agreement received from potential Class Members; (iv) receiving and processing Proofs of Claim; (v) mailing or causing to be mailed to Authorized Claimants their distributions under the Agreement; and (vi) otherwise assisting the Court and Lead Plaintiff's counsel with administration of the settlement pursuant to this Agreement. The Starr Released Persons shall have no responsibility with respect to the tasks enumerated or described in this section.

## **III. NOTICE TO THE CLASS**

1. Lead Plaintiff shall cause the Administrator to mail, by first-class mail, postage prepaid, a copy of the Notice and either a Proof of Claim or Release Form to each putative member of the Settlement Class who can be identified by reasonable effort. Lead Plaintiff and the Administrator shall cause the Notice and the Summary Notice of Proposed Partial Settlement ("Summary Notice"), substantially in the form attached hereto as Exhibit E, to be posted on their respective websites and the Summary Notice to be published as ordered by the Court. Subject to the requirements of the Hearing Order,

Lead Plaintiff's counsel shall submit to the Court affidavits demonstrating the adequacy of its efforts to provide notice to the putative Class Members.

2. Lead Plaintiff will request that the Court order AIG to provide Lead Plaintiff's counsel with information obtainable by reasonable efforts identifying, by name and address, the persons and entities who were shareholders during the Class Period, including banks, brokerage firms, institutions and other nominees and record owners. Such request will not be opposed by the Defendants.

3. The Starr Released Persons shall have no responsibility with respect to the tasks enumerated or described in this section.

#### **IV. REQUESTS FOR EXCLUSION**

1. Putative Class Members requesting exclusion from the Settlement Class shall be requested to provide the following information to the Administrator: (i) name, (ii) address, (iii) telephone number, (iv) number and type of AIG Securities purchased (or otherwise acquired) or sold during the Class Period, (v) prices or other consideration paid or received for such AIG Securities, and (vi) the date of each transaction. Unless otherwise ordered by the Court, any member of the Settlement Class who does not submit a timely written request for exclusion as provided by this section shall be bound by the Agreement, even if he, she or it has pending, or subsequently initiates, litigation, arbitration or any other proceeding, or has any Claim against any Starr Released Person relating to any Starr Released Claim. Lead Plaintiff's counsel and the Starr Defendants' counsel shall jointly request that the deadline for submitting exclusions from this Action be set twenty-one (21) days prior to the Fairness Hearing.

2. The Administrator shall scan and send electronically copies of all requests for exclusion in PDF format (or such other format as shall be agreed) to the Starr Defendants' counsel and to Lead Plaintiff's counsel expeditiously after the Administrator receives such a request. As part of the motion papers in support of the settlement of the Action, Lead Plaintiff's counsel will provide a list of all the persons who have requested exclusion from the Settlement Class and all of the information provided to the Administrator under Section IV.1 of this Agreement for those persons requesting exclusion, and shall certify that all requests for exclusion received have been copied and provided to the Starr Defendants' counsel.

**V. ATTORNEYS' FEES AND EXPENSES**

1. Lead Plaintiff's counsel will apply to the Court for an Attorneys' Fees and Expenses Award to be paid out of the Cash Settlement Account in an amount not to exceed the sum of \$7 million for reimbursement of litigation expenses actually and reasonably incurred and \$17.25 million for fees. Immediately after the Court enters an order approving the Attorneys' Fees and Expenses Award, Lead Plaintiff's counsel may withdraw the Court-awarded attorneys' fees and expenses from the Cash Settlement Account, subject to the joint and several obligation of Lead Plaintiff's counsel to repay to the Cash Settlement Account any and all such attorneys' fees and expenses to the extent subsequently reduced or disallowed (plus accrued interest on the amount to be repaid at the same rate as is earned by the Cash Settlement Account) if the Effective Date occurs, or to the Starr Defendants in accordance with written instructions from the Starr Defendants if the Effective Date does not occur.

2. If this Agreement is terminated and the Attorneys' Fees and Expenses Award (or any portion thereof) has been paid, then Lead Plaintiff's counsel shall, within fifteen (15) business days following receipt of notice of such termination, return to the Cash Settlement Account the amount they received, plus interest on such amount at the same rate as is earned by the Cash Settlement Account from the date of such counsel's receipt to the date of repayment to the Cash Settlement Account.

3. If the Attorneys' Fees and Expenses Award is reduced and the Attorneys' Fees and Expenses Award (or any portion thereof) has been paid, then Lead Plaintiff's counsel shall within fifteen (15) business days following receipt of notice of such reduction, return to the Cash Settlement Account the difference between the Attorneys' Fees and Expenses Award and the reduced amount, plus interest on such difference at the same rate as is earned by the Cash Settlement Account from the date of such counsel's receipt to the date of repayment to the Cash Settlement Account.

4. Any Lead Plaintiff's counsel's attorneys' fees or expenses relating to the Action shall be payable solely from the Cash Settlement Account. The Starr Released Persons shall have no other or further obligation to pay any Class Member or Lead Plaintiff's counsel for fees or expenses in connection with the Action or this Agreement, except as expressly provided for in this Agreement.

## **VI. RELEASE**

1. This Agreement covers the Claims, known or unknown, suspected or unsuspected, asserted or unasserted, of the Settlement Class that were claimed or could have been claimed 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 any of 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. Effective upon the date of entry of the Final Judgment, as limited by the rights of the Settling Parties set forth in Section X below, Lead Plaintiff, the Settlement Class and Class Members, through their counsel, hereby dismiss with prejudice all Claims contained in the Complaint against the Starr Defendants. Effective upon the Effective Date, Lead Plaintiff, the Settlement Class and Class Members hereby fully, finally and forever release, relinquish, acquit, and discharge the Starr Released Persons from the Starr Released Claims. Such release shall be expressly conditional upon the payment by the Starr Defendants of the Settlement Amount. Nothing contained herein shall release the Starr Defendants from any obligations under this Agreement.

2. Effective upon the Effective Date, with respect to any and all Starr Released Claims, the Lead Plaintiff, the Settlement Class and Class Members hereby expressly waive 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.

3. Lead Plaintiff, the Settlement Class or Class Members may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of the Starr Released Claims, but the

Lead Plaintiff, the Settlement Class and Class Members hereby fully, finally and forever settle and release any and all Starr Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

4. Effective upon the Effective Date, the Starr Defendants hereby fully, finally and forever release, relinquish, acquit and discharge the Released Plaintiff Parties from the Released Starr Claims. Nothing contained herein shall release Lead Plaintiff and Lead Plaintiff's counsel from any obligations under this Agreement.

## **VII. REPRESENTATIONS**

1. Lead Plaintiff and the Starr Defendants represent and warrant that they are authorized to execute, deliver, and perform this Agreement and that this Agreement constitutes a legal, valid, and binding obligation and that it is enforceable against each of them in accordance with its terms.

2. Lead Plaintiff and the Starr Defendants represent and warrant that (i) they have not sold, assigned, transferred or otherwise disposed of any of the claims, cross-claims, demands or rights that are the subject of this Agreement, and (ii) they will take all necessary action to effectuate the terms of this Agreement.

## **VIII. LIMITATION ON CLAIMS AGAINST STARR RELEASED PERSONS**

The Settling Parties have negotiated the following bar orders and judgment reduction provision to be included, in substantially the following form, in the Final Judgment:

1. The Starr Released Persons are hereby released and discharged from all claims for indemnity or contribution (or any other claim against the Starr Released Persons where the injury to the Person bringing the claim is that Person's liability to the Lead Plaintiff, the Settlement Class or any Class Member) (collectively, the "Barred Claims"), whether direct or derivative, that have been or may hereafter be brought by any Person or entity, whether arising under state, federal, foreign or common law as claims, cross-claims, counterclaims, or third-party claims, in any court, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere, based upon, arising out of, relating to, or in connection with the Starr Released Claims. Accordingly, to the full extent provided by Section 21D-4(f)(7)(A) of the PSLRA, 15 U.S.C. § 78u-4(f)(7)(A), the Court hereby bars all claims for contribution or indemnity: (a) against the Starr Released Persons; and (b) by the Starr Released Persons against any Person, other than any Person whose liability to the Settlement Class has been extinguished pursuant to the Agreement.

2. The Starr Released Persons are hereby released and discharged from any liability to Lead Plaintiff, the Settlement Class, or any Class Member under New York's General Obligation Law, § 15 -108; Delaware's Uniform Contribution Among Tortfeasors Law, 10 Del. C. § 6304; or any other state's contribution bar statute, and applicable case law. Accordingly, to the full extent provided by New York's General Obligation Law, Delaware's Uniform Contribution Among Tortfeasors Law, and other states' laws, the Court hereby bars all Barred Claims based upon, arising out of, relating to, or in connection with the Starr Released Claims: (a) against the Starr Released Persons; and (b) by the Starr Released Persons against any Person.

3. The Starr Released Persons are hereby released and discharged from and against any and all claims based on any person or entity's liability to Lead Plaintiff, the Settlement Class or Class Members or on monies paid for the benefit of, or distributed to, Lead Plaintiff, the Settlement Class or Class Members, whether current or future, direct or derivative, however styled, whether for indemnification, contribution or otherwise, arising out of or relating to the acts and transactions that are the subject of this Action, whether arising under federal, state or common law as claims, cross-claims, counter-claims, or third party claims, including the claims asserted against Messrs. Greenberg and Smith in American International Group, Inc. Consolidated Derivative Litigation, Civ. A. No. 769 VCS (Del. Ch.), against the Starr Defendants in In re American International Group Inc. Derivative Litigation, Master File No. 04 cv 08406 (S.D.N.Y and against Messrs. Castelli and Milton in Teachers' Retirement System of Louisiana et al. v. Cantwell et al. and American International Group, Inc., Index No. 650064/2009 (N.Y. Sup. Ct.). Accordingly, to the fullest extent allowed by law, the Court hereby bars all such claims: (a) against the Starr Released Persons; and (b) by the Starr Released Persons against any person or entity.

4. In accordance with the PSLRA, New York's General Obligations Law, Delaware's Uniform Contribution Among Tortfeasors Law, or any other state's contribution statute, and applicable law, any final verdict or judgment obtained by or on behalf of Lead Plaintiff, the Settlement Class or any Class Member against any person other than the Starr Released Persons relating to the Starr Released Claims shall be reduced by the greater of (i) an amount that corresponds to the percentage of responsibility of the Starr Released Persons, or (ii) the Settlement Amount. However, if the non-settling defendants are found at trial to have knowingly committed a violation of the securities laws and, therefore, are jointly and severally liable pursuant to law, any final verdict or judgment obtained by or on behalf of Lead Plaintiffs, the Settlement Class or any Class Member shall be reduced by only the Settlement Amount.

5. The Settling Parties agree that this Settlement does not moot the New York Attorney General Action, *People v. Greenberg*, No. 401720 (N.Y. Sup. Ct.), and that the New York Attorney General Action will go forward even if this settlement is approved by the Court, and in connection with that ongoing litigation, the New York Attorney General may seek whatever remedies are permitted by law. While the Settling Parties here understand that the *People v. Greenberg* action cannot result in duplicative damages or double recovery, to the extent that there are any uncertainties about the extent of recovery permitted by the ongoing New York Attorney General litigation under New York law, Greenberg and Smith bear the risk of that uncertainty by virtue of entering into this Settlement.

#### **IX. COMPROMISE; NO ADMISSION OF LIABILITY**

This Agreement constitutes a compromise of matters that are in dispute between the Settling Parties. The Starr Defendants are entering into this Agreement solely to eliminate the uncertainties, burden and expense of further protracted litigation. The Starr Defendants have denied and continue to deny each and every allegation of liability or damage to the Settlement Class or Class Members and believe that any Claims against them are without merit. This Agreement, whether or not consummated, any proceedings related to this Agreement, or any of the terms of the Agreement, are not intended to constitute, nor should they be construed as, any admission of liability or wrongdoing in any respect. Neither this Agreement, nor the fact of its execution, nor any of its provisions, shall be offered or received in evidence in any action or proceeding of any

nature or otherwise referred to or used in any manner in any court or other tribunal, except in a proceeding to enforce the terms of the Agreement.

**X. MODIFICATION OR TERMINATION OF AGREEMENT**

1. This Agreement may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Settling Parties or their successors-in-interest.

2. This Agreement may not be terminated by the Settling Parties except as provided in this Section X.

3. For purposes of this Agreement only, Lead Plaintiff and the Starr Defendants agree to certification of the Action as a class action pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3) for the Class Period, as defined in the Complaint. Should the Settlement Class not be certified as agreed by the Settling Parties or should any court amend the scope of the Settlement Class, the Starr Defendants reserve the right to terminate this Agreement within ten business days of the time that such amendment to the scope of the Settlement Class becomes a final, non-appealable order.

4. Lead Plaintiff and the Starr Defendants shall each, in their separate discretion, have the right to terminate this Agreement by providing written notice of their election to do so to the other Settling Party hereto within thirty (30) days of: (a) the Court's declining to enter the proposed Hearing Order, in any material respect; (b) the Court's refusal to approve the Agreement in any material respect, except as provided in Paragraph 6 of this Section X; (c) the Court's declining to enter the proposed Final Judgment in any material respect, except as provided in Paragraph 6 of this Section X;

or (d) the date upon which the Final Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court.

5. This Agreement may be terminated at the option and at the sole discretion of Lead Plaintiff under the following two conditions:

(a) It is anticipated that AIG may attempt to obtain rulings from the District Court that could bar certain claims against AIG as a result of this Settlement under the doctrine of respondent superior (and the decision In re Global Crossing, Ltd. Securities Litigation, 471 F.Supp. 2d. 338 (S.D.N.Y. 2006)). Because, *inter alia*, a corporation can only act through its employees or other agents, the Settling Parties do not believe such rulings would be proper and the Settling Parties agree to make their best efforts to oppose any such motion by AIG on this subject.

However, in the event that the District Court rules on such a motion before the Commencement of Trial, and (1) the Settling Parties agree or (2) former Judge Layn Phillips rules, upon application of counsel for Lead Plaintiff, that said pre-trial ruling triggers this contingency, then Lead Plaintiff shall have the option, within ten business days, to withdraw from the Settlement. The Settling Parties further agree that a decision by the District Court to defer a determination of this issue until after Commencement of Trial does not qualify as a pre-trial ruling permitting Lead Plaintiff to exercise its right to withdraw.

(b) If the District Court rules before the Commencement of Trial that the judgment reduction provisions of the Private Securities Litigation Reform Act (“PSLRA”), 15 U.S.C. §78u-4(f) require that any judgment against the non-settling defendants (including AIG) who were found at trial to have knowingly committed a

violation of the securities laws (and thereby become jointly and severally liable pursuant to law) shall be reduced by the greater of (i) an amount that corresponds to the percentage of the liability of the Starr Released Persons, or (ii) the Settlement Amount, then if (1) the Settling Parties agree or (2) former Judge Layn Phillips rules, upon application of the counsel for Lead Plaintiff, that said pre-trial ruling triggers this contingency, Lead Plaintiff shall have the option, within ten business days, to withdraw from the Settlement. The Settling Parties further agree that a decision by the District Court to defer a determination of this issue until after Commencement of Trial does not qualify as a pre-trial ruling permitting Lead Plaintiff to exercise its right to withdraw.

6. Notwithstanding anything in Paragraph 4 of this Section X, the Starr Defendants shall not have the right to terminate this Agreement pursuant to the terms provided in Paragraph 4 of this Section X, in the event that the Court enters a bar order that is in any manner less favorable than the bar order set forth in this Agreement.

7. This Agreement may be terminated at the option and in the sole discretion of the Starr Defendants in the event that putative Class Members (investors who, but for their exclusion requests would be Class Members) who purchased, in the aggregate, in excess of 10% of the AIG Securities held by Class Members in the aggregate, have properly elected to exclude themselves in accordance with the requirements for requesting exclusion provided in the Notice to be disseminated. It is expressly understood and agreed by the Settling Parties that the only persons and entities who may submit requests for exclusion are those persons and entities who, but for their exclusion requests, would be Class Members. As set forth in paragraph 152 of the Complaint, “[e]xcluded from the 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.” With respect to exclusions from the Settlement Class by investors, who but for their exclusion requests would be Class Members, shall have up to 5:00 p.m. Eastern Standard Time on the twelfth calendar day prior to the Fairness Hearing to give notice in writing to Lead Plaintiff’s counsel that they elect to exercise their option to terminate. If the Starr Defendants so elect to terminate the Agreement, Lead Plaintiff’s counsel may, within eleven (11) calendar days of receipt of such notice of termination (or such longer period as shall be agreed upon in writing between Lead Plaintiff’s counsel and counsel for the Starr Defendants), review the validity of any request for exclusion and may attempt to cause retraction of any request for exclusion. If, within the eleven (11) day period (or longer period agreed upon in writing), Lead Plaintiff’s counsel succeeds in causing the filing of retractions of a sufficient number of requests for exclusion such that the threshold for termination pursuant to this Paragraph 7 would not be triggered as specified above, then any termination of the Agreement by the Starr Defendants shall automatically be deemed to be a nullity. To retract a request for exclusion, a Class Member must file a written notice with the Court stating the Class Member’s desire to retract his, her or its request for exclusion and that Class Member’s desire to be bound by any judgment or settlement in this action; provided further, that the filing of such written notice may be effected by Lead Plaintiff’s counsel.

8. If the Starr Defendants or Lead Plaintiff exercise their respective rights of termination for any of the reasons in this Section X, then (a) the Agreement

shall be terminated without prejudice, and none of its terms shall be effective or enforceable, except to the extent that any Notice and Administrative Expenses have been actually or reasonably paid or incurred; (b) the Settling Parties shall revert to their litigation positions immediately prior to the execution of this Agreement; (c) the fact and terms of the Agreement and all settlement discussions shall not be admissible in any trial of the Action or useable in any other proceeding, including, but not limited to, for purposes of obtaining certification of a class other than for settlement purposes; and (d) Lead Plaintiff shall return to the Starr Defendants any monies remaining in the Cash Settlement Account within fifteen (15) days of such termination.

## **XI. MISCELLANEOUS PROVISIONS**

### **A. Choice of Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York for contracts entered into and performed within the State without regard to conflicts of law principles.

### **B. Retention of Jurisdiction**

The administration and consummation of the Agreement shall be under the authority of the Court and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and expenses to Lead Plaintiff's counsel and enforcing the terms of this Agreement.

### **C. Waiver of Breach**

The waiver by one Settling Party of any breach of this Agreement by any other Settling Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

**D. Headings; Words**

The headings herein are included for the purpose of convenience only and are not meant to have legal effect. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate.

**E. Additional Discovery**

The Settling Parties will undertake in good faith to streamline future discovery directed to the Starr Defendants and to conduct such discovery, to the extent possible, in a manner that reduces and minimizes transaction costs associated with such ongoing discovery.

**F. Notices to Lead Plaintiff and/or the Starr Defendants**

All notices required or permitted under this Agreement shall be in writing and delivered by any method providing proof of delivery, including facsimile. Any notice shall be deemed to have been given on the date of delivery. Notices shall be delivered to the Settling Parties at the following addresses unless and until a different address has been designated by the Settling Party:

Starr Defendants:

*For Maurice R. Greenberg, C.V. Starr, & Co., Inc  
and Starr International Company, Inc.:*

Boies, Schiller & Flexner LLP  
575 Lexington Avenue, 7<sup>th</sup> Floor  
New York, NY 10022  
Attn: Robert J. Dwyer, Esq.  
Nicholas A. Gravante, Jr., Esq.,  
Tel: (212) 446-2300  
Fax: (212) 446-2350  
rdwyer@bsfllp.com, ngravante@bsfllp.com

*For Howard I. Smith:*

Winston & Strawn LLP  
200 Park Avenue  
New York, NY 10166-4193  
Attn: Vincent A. Sama, Esq.  
Jeffrey R. Burke, Esq.  
Tel: (212) 294-6700  
Fax: (212) 294-4700  
vsama@winston.com, jburke@winston.com

*For Christian M. Milton:*

Hafetz & Necheles  
500 5th Ave, 29th Floor  
New York, NY 10110  
Attn: Frederick P. Hafetz, Esq.  
Tracy E. Sivitz, Esq.  
Tel: (212) 997-7595  
Fax: (212) 997-7646  
fph@hafetzlaw.com, tes@hafetzlaw.com

*For Michael J. Castelli:*

Dechert LLP  
1095 Avenue of the Americas  
New York, NY 10036-6797  
Attn: Charles I. Poret, Esq.  
Tel: (212) 698-3500  
Fax: (212) 698-3599  
Charles.poret@dechert.com

*For Lead Plaintiff:*

Labaton Sucharow LLP  
140 Broadway  
New York, NY 10005  
Attn: Thomas A. Dubbs, Esq., Louis Gottlieb, Esq.  
(212) 818-0477 (fax)  
tdubbs@labaton.com, lgottlieb@labaton.com

Hahn Loeser & Parks LLP  
3300 BP Tower  
200 Public Square  
Cleveland, Ohio 44114-2301  
Attn: Alan S. Kopit, Esq.  
(216) 621-0150  
(216) 274-2478 (fax)  
askopit@hahnlaw.com

**G. Integration**

This Agreement constitutes the entire agreement of the Settling Parties, and supersedes any and all prior statements, representations, promises or other agreements, written or oral, with respect to the subject matter of this Agreement. This Agreement may be amended or any of its provisions waived only in a writing signed by each of the Settling Parties. Signatures sent by facsimile or PDF format shall be deemed originals.

**H. Successors**

This Agreement shall be binding upon and inure to the benefit of the Settling Parties hereto and their respective heirs, successors and assigns, and upon any corporation, limited liability partnership, government or any political subdivision or agency thereof, or other entity into or with which either Settling Party hereto may merge, combine or consolidate.

**I. Rule of Construction**

The Settling Parties have jointly drafted this Agreement, and, accordingly, any presumption or other rule of construction that any ambiguities be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

**J. Third Party Beneficiaries**

Except for Section VI with respect to the Starr Released Persons and Lead Plaintiff's counsel, nothing contained in this Agreement is intended to confer upon any Person other than the Settling Parties any benefit, release, right or remedy under or by reason of this Agreement.

**K. Counterparts**

This Agreement may be executed in counterparts, including by signature transmitted by facsimile or email. Each counterpart when so executed shall be deemed to be an original, and all such counterparts together shall constitute the same instrument.

**L. Preliminary Approval and Final Approval of Agreement**

Subject to the Court's availability and approval, the Settling Parties and their respective counsel will use their best efforts to submit the necessary papers for preliminary approval of the Agreement, including the proposed Hearing Order, attached as Exhibit C, and schedule a hearing for preliminary approval of the Agreement as promptly as possible after the condition precedent in Section I.A. above is satisfied, and submit the necessary papers for final approval of the Agreement, including the proposed Final Judgment, attached as Exhibit D, and schedule a hearing for final approval of the Agreement as promptly as possible after the condition precedent in Section I.A. above is satisfied.

**M. Authority To Execute Settlement**

The undersigned signatories represent that they have authority from their clients to execute this Agreement.

**N. Resolution of Disputes**

The Settling Parties agree that if any disputes between them arise out of the Settlement, such disputes will be resolved by the Hon. Layn R. Phillips (Ret.), first by means of mediation and, if unsuccessful, then by means of final, binding, non-appealable arbitration conducted pursuant to the JAMS Streamlined Arbitration Rules. If Judge Phillips is unable to serve as arbitrator, any such arbitration shall be conducted under the auspices of JAMS, pursuant to the JAMS Streamlined Arbitration Rules, with a single arbitrator who shall be a retired federal judge selected in accordance with the JAMS Rules.

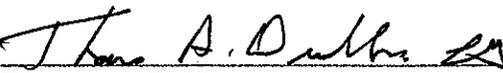
IN WITNESS WHEREOF, this Agreement has been executed by the Settling Parties by their duly authorized representatives signing below.

Dated: August 10, 2009

BOIES SCHILLER & FLEXNER LLP

LABATON SUCHAROW LLP

  
Robert J. Dwyer  
Nicholas A. Gravante, Jr.  
575 Lexington Avenue, 7<sup>th</sup> floor  
New York, NY 10022  
Tel: (212) 446-2300  
Fax: (212) 446-2350

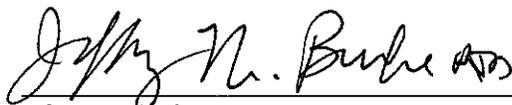
  
Thomas A. Dubbs  
140 Broadway  
New York, NY 10005  
(212) 907-0700

COUNSEL FOR MAURICE R.  
GREENBERG, C.V. STARR & CO., INC.,  
AND STARR INTERNATIONAL  
COMPANY, INC.

HAHN LOESER & PARKS LLP

  
Alan S. Kopit  
3300 BP Tower  
200 Public Square  
Cleveland, Ohio 44114-2301  
Attn: Alan S. Kopit, Esq.  
(216) 621-0150  
(216) 274-2478 (fax)

WINSTON & STRAWN LLP

  
Vincent A. Sama

Jeffrey R. Burke  
200 Park Avenue  
New York, NY 10166-4193  
Tel: (212) 294-6700  
Fax: (212) 294-4700

COUNSEL FOR LEAD PLAINTIFF AND  
THE CLASS

COUNSEL FOR HOWARD I. SMITH

HAFETZ & NECHELES



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Frederick P. Hafetz  
Tracy E. Sivitz  
500 5th Ave, 29th Floor  
New York, NY 10110  
Tel: (212) 997-7595  
Fax: (212) 997-7646

COUNSEL FOR CHRISTIAN M.  
MILTON

DECHERT LLP



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Charles I. Poret  
1095 Avenue of the Americas  
New York, NY 10036-6797  
Tel: (212) 698-3500  
Fax: (212) 698-3599

COUNSEL FOR MICHAEL J. CASTELLI