

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

IN RE AIG ERISA LITIGATION

Master File No.: 04-CV-9387 (JES)  
(AJP)

This Document Relates To:

All Actions

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**PLAN OF ALLOCATION**

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**I. Definitions**

Except as indicated in this Plan of Allocation, the capitalized terms used herein shall have the meanings ascribed to them in the Class Action Settlement Agreement, dated June 18, 2008

A. "Plans" means the AIG Incentive Savings Plan, the AIG Employees' Thrift and Incentive Plan, AIG General Agents' and Managers' Thrift Plan and the CommoLoCo Thrift Plan, and all predecessor or successor plans, individually and collectively, and any trust created under such Plans.

B. "Settlement Class" means: All persons: (a) who were participants in or beneficiaries of the: (i) AIG Incentive Savings Plan at any time from September 30, 2000 through May 31, 2005; (ii) American General Employees' Thrift and Incentive Savings Plan at any time from August 29, 2001 through January 1, 2003; (iii) American General Agents' and Managers' Thrift Plan at any time from August 29, 2001 through May 31, 2005; or the (iv) CommoLoCo Thrift Plan at any time from August 29, 2001 through May 31, 2005; and (b) whose Plan accounts included direct or indirect investments in AIG stock and/or the AIG Stock Fund(s) (collectively, the "Settlement Class" or "Class"). The Settlement Class shall not include

any of the Individual Defendants (defined to include all Defendants other than AIG), or any of the Individual Defendants' Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, except for Immediate Family, beneficiaries, alternate payees, Representatives or Successors-In-Interest, who themselves were participants in the Plans, who shall be considered members of the Settlement Class with respect to their own Plan accounts."

C. "Net Proceeds" means the amount calculated pursuant to Parts III. A – E., below.

D. "Participant" means a member of the Settlement Class as defined above.

## **II. Allocation of the Net Proceeds to the Settlement Class**

A. Pursuant to Section 8.2 of the Settlement Agreement, upon the Judgment becoming Final, as provided in Section 1.16 of the Settlement Agreement, Plaintiffs' Counsel shall direct the Financial Institution to disburse the Net Proceeds to the Plans for distribution to or for the benefit of the members of the Settlement Class. Defendants shall then direct the Plans trustee or record keeper to allocate the Net Proceeds received by the Plans to the members of the Settlement Class according to the allocation/calculation methods described herein.

B. *Current Participants.* As promptly as possible after deposit of the Net Proceeds into the Plans, the Plans' trustee or record keeper shall allocate into each current Participant's account his or her share of the Net Proceeds, as calculated below, less any expenses or administrative charges approved by the Court. Each current Participant's share of the Net Proceeds shall be allocated shall be allocated in its entirety to the investment option that the existing procedures of the relevant Plans designate as the default option for current participants.

C. *Former Participants.* With respect to former Participants who withdrew their accounts after the beginning of the Settlement Class Period but prior to the Judgment becoming Final, the Plans' trustee or record keeper will establish or reactivate an account for each former

Plan Participant, and each former Participant will be notified of such account along with further instructions. As promptly as possible, after deposit of the Net Proceeds into the Plans, the Plans' trustee or record keeper shall allocate into each former Participant's newly established or reactivated account his or her share of the Net Proceeds, as calculated below, less any expenses or administrative charges approved by the Court. Each former Participant's share of the Net Proceeds shall be allocated in its entirety to the investment option that the existing procedures of the relevant Plans designate as the default option for current participants

### **III. Calculation of Allocation**

A. The Net Proceeds shall be distributed among members of the Settlement Class in proportion to their Net Losses. Each Class member's "Net Loss" will be the total of the member's "AIG Common Stock Fund Net Loss," which will be, for each Class member, the greater of (a) zero, or (b) the result obtained by (i) taking the dollar amount of the Class member's Plan account balance invested in the AIG Stock Fund at the beginning of the Class Period; (ii) adding the dollar amount added to the Class member's Plan account balance invested in the AIG Stock Fund during the Class Period (including the value of AIG common stock received as a dividend); and (iii) subtracting the dollar amount credited to the Class member's Plan account balance resulting from dispositions from the AIG Stock Fund as well as the balance of any stock held in the Plan on the earlier of either the last day of the Class Period or on the last day the member was a participant in the Plan.

B. The Net Losses of the Class members will be aggregated. Each Class member will be assigned a "Net Loss Percentage," showing the percentage of the Class member's Net Loss in relation to all Class members' Net Losses. Each Class member's share of the Net Proceeds will be equal to the Net Proceeds multiplied by the member's Net Loss Percentage. If

data is not available for the beginning date of the Class Period, then data from the nearest available date will be used.

C. The Net Losses of the Participants as calculated in Section III. A above will be totaled to yield the loss of the Plans as a whole over the Settlement Class Period (the “Plans’ Loss”).

D. The Plans’ trustee or record keeper will perform all calculations and determine both whether Settlement Class members are entitled to a share of the Net Proceeds and their share amount.

E. If any Participant with a share of the Net Proceeds greater than zero cannot be located despite reasonable efforts, such Participant’s share of the Settlement shall be administered in accordance with the existing procedures of the relevant Plans regarding unlocatable participants. If any Settlement Class member with a share of the Net Proceeds greater than zero is deceased, such Participant’s share of the Settlement shall be administered in accordance with the existing procedures of the relevant Plans regarding deceased participants.

F. Fifteen (15) days prior to the allocation to members of the Settlement Class, the Plans’ trustee or record keeper shall provide to Plaintiffs’ Counsel and counsel for Defendants the methodology used in calculating losses described herein (or otherwise modified) as well as a sampling of the summaries, compilations, calculations, or tabulations of the claims and amounts described herein, including a complete listing setting out the amount of allocations to each Participant.

#### **IV. Qualifications and Continuing Jurisdiction**

A. In light of the manner in which the data are kept and the ease with which they can be manipulated, it may be appropriate to simplify some of the features of these calculations.

Such simplifications are acceptable as long as two basic features of the distribution are preserved: (1) that each Participant receives a share of the Net Proceeds based approximately on the decline in the value of AIG stock he or she held over the Class Period in comparison with the decline in value of AIG stock held by others in the Plans; and (2) that the distribution take place through the Plans so as to realize the tax advantage of investment in the Plans. Any such changes will be presented to the Court for approval pursuant to section IV. B below.

B. The Court will retain jurisdiction over the Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented.