

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA)	CRIMINAL NO.
)	
Plaintiff,)	VIOLATION:
)	15 U.S.C. §§ 78j and 78ff(a);
vs.)	17 C.F.R. § 240.10b-5; and
)	18 U.S.C. § 2
AIG-FP PAGIC EQUITY HOLDING CORP.,)	
)	(Aiding and Abetting
Defendant.)	Securities Fraud)

DEFERRED PROSECUTION AGREEMENT

Defendant AIG-FP PAGIC EQUITY HOLDING CORP. (“AIG-FP PAGIC”), a Delaware Corporation, by its undersigned attorneys, pursuant to authority granted by its Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section (the “Department”), enters into this Deferred Prosecution Agreement (“Agreement”).

1. AIG-FP PAGIC accepts and acknowledges that the United States will file a criminal complaint in the United States District Court for the Western District of Pennsylvania charging AIG-FP PAGIC with aiding and abetting securities fraud, in violation of Title 15, United States Code, Sections 78j and 78ff(a), Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2.
2. The Department is entering into a separate and concurrent Agreement with AIG Financial Products Corp. (“AIG-FP”), attached hereto as Exhibit A. The understandings, obligations and rights of AIG-FP in the separate Agreement between AIG-FP and the Department are incorporated by reference into this Deferred Prosecution Agreement and apply to AIG-FP PAGIC.
3. AIG-FP PAGIC accepts responsibility for its conduct as described in Exhibit A, including the Agreed Statement of Facts attached to Exhibit A as Appendix A to the Agreement between AIG-FP and the Department. Appendix A is also incorporated by reference into this Deferred Prosecution Agreement. AIG-FP PAGIC agrees the factual statements set forth in Appendix A are accurate and, as more fully addressed in paragraph 4 of this Agreement, AIG-FP PAGIC agrees not to contradict them. AIG-FP PAGIC does not endorse, ratify, or condone improper conduct and, as set forth below, has taken steps to prevent such conduct from occurring in the future.

4. AIG-FP PAGIC further agrees that it will not, through its present or future attorneys, board of directors, agents, affiliates, parent, officers or employees, make any public statement, including statements or positions in litigation in which any United States department or agency is a party, contradicting any statement of fact set forth in Appendix A, the criminal complaint or the affidavit in support of the criminal complaint. Any such contradictory public statement by AIG-FP PAGIC, its present or future attorneys, board of directors, agents, officers or employees shall constitute a breach of this Agreement, and AIG-FP PAGIC thereafter would be subject to prosecution as set forth in paragraph 7 of this Agreement. The decision of whether any public statement by any such person contradicting a statement of fact contained in Appendix A, the criminal complaint or the affidavit in support of the criminal complaint will be imputed to AIG-FP PAGIC for the purpose of determining whether AIG-FP PAGIC has breached this Agreement shall be at the sole reasonable discretion of the Department. Upon the Department's reaching a determination that such a contradictory statement has been made by AIG-FP PAGIC, the Department shall so notify AIG-FP PAGIC and AIG-FP PAGIC may avoid a breach of this Agreement by publicly repudiating such statement within forty-eight hours after notification by the Department. This paragraph is not intended to apply to any statement made by any individual in the course of any criminal, regulatory, or civil case initiated by the government against such individual, unless such individual is speaking on behalf of AIG-FP PAGIC. Consistent with AIG-FP PAGIC's obligation not to contradict any statement of fact set forth in Appendix A, the criminal complaint or the affidavit in support of the criminal complaint, AIG-FP PAGIC may take good faith positions in litigation involving any private party.
5. In light of AIG-FP PAGIC's remedial actions to date and its willingness to (i) acknowledge responsibility for its behavior, (ii) continue its cooperation with the Department and other governmental regulatory agencies, and (iii) demonstrate its future good conduct and full compliance with the securities laws and generally accepted accounting procedures, the Department shall recommend to the Court that prosecution of AIG-FP PAGIC on the criminal complaint filed pursuant to Paragraph 1 be deferred for a period of 12 months.
6. The Department agrees that if AIG-FP PAGIC is in full compliance with all of its obligations under this Agreement, the Department, within thirty (30) days of the expiration of 12 months from the date of this Agreement, will seek dismissal with prejudice of the criminal complaint filed against AIG-FP PAGIC pursuant to Paragraph 1.
7. It is further understood that should the Department, in its sole reasonable discretion, determine that AIG-FP PAGIC has given deliberately false, incomplete, or misleading information under this Agreement, has committed any

federal crimes subsequent to the date of this Agreement, has committed a willful and knowing material breach of any provision of this Agreement, or that AIG-FP has committed a willful and knowing material breach of any provision of the separate Agreement between AIG-FP and the Department, this Deferred Prosecution Agreement shall become null and void and AIG-FP PAGIC shall, in the Department's sole reasonable discretion, thereafter be subject to prosecution for any federal criminal violation. Any such prosecutions may be premised on information provided by AIG-FP PAGIC. Moreover, with respect to any prosecutions relating to the SPE transactions that are not time-barred by the applicable statute of limitations on the date of this Agreement, AIG-FP PAGIC agrees that the applicable statute of limitation period for any such prosecutions shall be tolled for a period of time equal to the term of this Agreement, so that such prosecutions may be commenced against AIG-FP PAGIC in accordance with this Agreement, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of this Agreement. AIG-FP PAGIC's tolling of the statute of limitations is knowing and voluntary and in express reliance on the advice of counsel.

8. It is further agreed that in the event that the Department, in its sole reasonable discretion, determines that AIG-FP PAGIC has committed a willful and knowing material breach of any provision of this Agreement, (a) AIG-FP PAGIC will not contest the admissibility into evidence or contradict the contents of Appendix A, the criminal complaint, and the affidavit in support of the criminal complaint, (b) all statements made by or on behalf of AIG-FP PAGIC, or any testimony given by AIG-FP PAGIC and any employee (current or former) before a grand jury, the United States Congress, the SEC, or elsewhere, and any leads derived from such statements and testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Department against AIG-FP PAGIC, and (c) AIG-FP PAGIC shall not assert any claim under the United States Constitution, Rule 410 of the Federal Rules of Evidence, or any other rule, that statements made by or on behalf of AIG-FP PAGIC prior to or subsequent to this Agreement, or any leads therefrom, should be suppressed.
9. The decision whether conduct and statements of any individual will be imputed to AIG-FP PAGIC for the purpose of determining whether AIG-FP PAGIC has committed a willful and knowing material breach of any provision of this Agreement shall be in the sole reasonable discretion of the Department.
10. Should the Department determine that AIG-FP PAGIC has committed a willful and knowing material breach of any provision of this Agreement, the Department shall provide written notice to AIG-FP PAGIC of the alleged breach and provide AIG-FP PAGIC with a two-week period in which to make a presentation to the Assistant Attorney General in charge of the Criminal Division to demonstrate that

no breach has occurred, or, to the extent applicable, that the breach is not a willful and knowing material breach or has been cured. The parties hereto expressly understand and agree that should AIG-FP PAGIC fail to make a presentation to the Assistant Attorney General in charge of the Criminal Division within a two-week period, it shall be conclusively presumed that AIG-FP PAGIC is in willful and material breach of this Agreement. The parties further understand and agree that the Assistant Attorney General's exercise of discretion under this paragraph is not subject to review in any court or tribunal outside the Criminal Division of the Department of Justice. In the event of a breach of this Agreement that results in a prosecution of AIG-FP PAGIC, such prosecution may be premised upon any information provided by or on behalf of AIG-FP PAGIC to the Department at any time, unless otherwise agreed when the information was provided.

11. AIG-FP PAGIC agrees that if it sells or merges all or substantially all of its business operations as they exist as of the date of this Agreement to or into a single purchaser or group of affiliated purchasers during the term of this Agreement, it shall include in any contract for sale or merger a provision binding the purchaser/successor to the obligations described in this Agreement.
12. It is understood that this Agreement is binding on AIG-FP PAGIC, the Department and the United States Attorneys Office for the Western District of Pennsylvania, but specifically does not bind any other federal agencies, or any state or local law enforcement or licensing authorities, although the Department will bring the cooperation of AIG-FP PAGIC and its compliance with its other obligations under this Agreement to the attention of state and local law enforcement or licensing authorities, if requested by AIG-FP PAGIC or its attorneys. Furthermore, nothing in this agreement restricts in any way the ability of the Department or the United States Attorneys Office for the Western District of Pennsylvania from proceeding against any individuals.
13. This Agreement expires two years from the date of its execution; provided that if on such date any investigation, prosecution or proceeding relating to the subject matters is ongoing that is being conducted by the Department, the SEC or any other federal enforcement or regulatory agency with which AIG-FP PAGIC has been directed by the Department to cooperate pursuant to paragraph 4 of the Agreement between AIG-FP and the Department, then this Deferred Prosecution Agreement shall expire on the date that no such investigation, prosecution or proceeding is still being conducted. Between thirty and sixty days before the expiration of the twelve-month period specified in Paragraph 6 of this Agreement, AIG-FP PAGIC shall submit to DOJ a written certification that it is in compliance with this Agreement.

14. AIG-FP PAGIC and the Department agree that, upon filing of the criminal complaint in accordance with Paragraph 1, this Agreement shall be publicly filed in the United States District Court for the Western District of Pennsylvania.
15. AIG-FP PAGIC hereby warrants and represents that the Board of Directors of AIG-FP PAGIC has duly authorized, in a specific resolution, the execution and delivery of this Agreement by AIG-FP PAGIC, and that the person signing the Agreement has authority to bind AIG-FP PAGIC.
16. This Agreement may not be modified except in writing signed by all the parties.
17. This Agreement may be executed in counterparts.

For the United States Department of Justice
Criminal Division, Fraud Section

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

JOHN D. ARTERBERRY
Executive Deputy Chief

PAUL E. PELLETIER
Deputy Chief

MICHAEL K. ATKINSON
Trial Attorney

Agreed and Accepted:
AIG-FP PAGIC EQUITY HOLDING CORP.

By: Joseph J. Cassano
President and Chief Executive Officer