

March 11, 2008

Mr. Joseph J. Cassano  
AIG Financial Products  
1 Curzon Street  
5<sup>th</sup> Floor  
London, W1Y7FN  
ENGLAND

Dear Joe:

This is to confirm our agreement concerning your retirement from AIG Financial Products Corp. (the "Company").

- You are retiring effective March 31, 2008. You will retain your rights to all payments due under the AIG Financial Products Corp. 2007 Special Incentive Plan (the "SIP"), and your retirement will be treated as a "without cause" termination of employment for purposes of the SIP, unless I (or my successor) and the General Counsel of American International Group, Inc. both determine, in good faith, on or before September 30, 2008, that Cause (as defined below) for the termination of your employment existed at the time of your retirement. Cause means your intentional misconduct, fraud, knowing violation of the Company's Code of Conduct, or conviction of or entry of a plea of guilty or no contest to a felony. In the event such a determination of Cause is made, you will have the right to contest that determination.

- The Company agrees to allow you and your wife to reside at [REDACTED], for up to three years following March 31, 2008, so long as you timely reimburse the Company for all rent, utilities and any other incidental costs associated with the lease of the property. In the event that the lease is transferred to you, the Company's obligations with respect to that residence will cease upon the transfer of the lease.

- You will provide consulting services to the Company as reasonably requested by the Company for a period of nine months, commencing on April 1, 2008 and the Company will pay you a consulting fee of one million dollars (\$1,000,000.00) per month. You will be solely responsible for making all payments required to be made to any taxing authority with respect to the payments described in this paragraph. The Company may terminate the consulting agreement if the General Counsel and I (or my successor) both determine, in good faith, that you are not satisfactorily performing your duties under the consulting agreement or have breached your duties under this agreement.

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**CONFIDENTIAL**

- During your employment with the Company and during the consulting agreement, you agree that you will not, directly or indirectly, perform any services for any person or entity that is engaged in any activities that are competitive with the activities or businesses of the Company, American International Group, Inc. or their affiliates (collectively, "AIG").

- During your employment with the Company and for the duration of the consulting agreement you agree that you will not, directly or indirectly, solicit any clients, customers or employees of any member of AIG. For six months after the termination of the consulting agreement, you also agree that you will not, directly or indirectly, solicit any employee of the Company.

- The payments set forth in this agreement include all payments due and owing to you, and you agree that you are not entitled to any other compensation or severance payments of any kind (including under UK law). Other than as set forth in this agreement, you release any claims you may have against any member of AIG and their current and former directors, officers, shareholders, employees and agents, relating to your employment or the termination of your employment (not including any rights you may have under the American International Group, Inc. Retirement Plan or to seek indemnification under the by-laws or any other corporate documents), and you agree to keep the terms and existence of this agreement confidential. You also agree to keep confidential all AIG confidential business information.

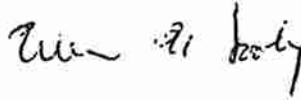
- You agree to cooperate with AIG with respect to any litigation or regulatory matters about which you may have relevant knowledge or information (including conferring with the Company's counsel and providing testimony as a witness).

- If Cause for termination of your employment is determined as set forth above, you will forfeit any rights to further payments and benefits under this agreement, and the Company will be entitled to the return of any such payments already made to you (not including any consulting fees already paid under the consulting agreement). If such a determination of Cause is made, the release given by you under this agreement shall be deemed null and void, so as to permit you to bring any claim against the Company (including any claim for payment under the SIP), and all provisions of this agreement shall be null and void except those relating to [REDACTED] and the dispute resolution provisions below. In addition, if there is a dispute concerning this agreement that cannot be resolved amicably by the Parties (including whether there was Cause for termination of employment as set forth above), such dispute will be resolved in arbitration in New York City under the rules of the American Arbitration Association (except claims relating to your obligations not to solicit, not to compete and to protect confidential information, which can be enforced in court).


• This agreement reflects our entire understanding, supersedes any other oral or written agreements, and can only be amended in a writing signed by both you and the General Counsel.

Please sign below and return the original to me, retaining a copy for your files.

Very truly yours,



Agreed to and accepted:



Joseph J. Cassano  
Date:

cc: Stasia Kelly