

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

STARR INTERNATIONAL COMPANY, INC.,)	
on its behalf and on behalf of a class of)	
others similarly situated,)	
)	
Plaintiff,)	
)	
v.)	No. 11-779C
)	(Judge Wheeler)
UNITED STATES,)	
)	
Defendant.)	

**DEFENDANT’S ANSWER TO PLAINTIFF’S
SECOND AMENDED VERIFIED CLASS ACTION COMPLAINT**

For its answer to the plaintiff’s second amended verified class action complaint, defendant admits, denies, and alleges as follows:

1. Denies the allegations contained in paragraph 1 for lack of knowledge or information sufficient to form a belief as to their truth. Defendant further avers that in September of 2008, panic in the financial system was deep and widespread. Amidst these events, on Friday, September 12, American International Group (AIG) officials informed the Federal Reserve Bank of New York (FRBNY) and Department of the Treasury (Treasury) that the company was facing potentially fatal liquidity problems.

2. Admits the allegations contained in the first sentence of paragraph 2 that the United States includes the Department of the Treasury; denies the reminder of the allegations contained in paragraph 2 for lack of knowledge or information sufficient to form a belief as to their truth because the complaint’s definition of “Government” is vague and ambiguous.

3. Admits the allegations contained in the first sentence of paragraph 3 that at various times, the Government has provided a guarantee and access to funds; denies the

remainder of the allegations contained in paragraph 3 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague and ambiguous.

4. The allegations contained in paragraph 4 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

5. Admits that the quoted language in paragraph 5 was contained in emails that were written by FRBNY employees, and otherwise denies the allegations in paragraph 5.

6. Denies the allegations contained in paragraph 6 for lack of knowledge or information sufficient to form a belief as to their truth, except denies that the basic terms of the rescue transactions amounted to an attempt "to steal AIG's business."

7. The allegations contained in paragraph 7 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Defendant further avers that following AIG's agreement to exchange preferred stock held by a trust designated as the AIG Credit Facility Trust established for the sole benefit of the United States Treasury (the public fisc, not the Department of the Treasury) and held by the Treasury for common stock issued by AIG, the United States Treasury and the Treasury received common stock in an amount that was greater than 90 percent of AIG common stock.

8. The allegations contained in the first sentence of paragraph 8 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the second sentence of paragraph 8 that the Treasury and the FRBNY loaned billions of dollars to various financial institutions in several cases without taking equity as

consideration; that the Treasury agreed to share potential losses upon Citigroup assets, and received equity consideration including common stock warrants; and that the FRBNY agreed to provide a loan to backstop Citigroup assets; the remainder of the allegations contained in paragraph 8 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

9. The allegations contained in paragraph 9 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

10. The allegations contained in paragraph 10 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

11. The allegations contained in paragraph 11 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

12. The allegations contained in the first sentence of paragraph 12 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the second and third sentence of paragraph 12 as to statements made to the extent supported by the court and securities filings cited, which are the best evidence of their contents; otherwise denies the allegations contained in the third sentence of paragraph 12.

13. Denies.

14. The allegations contained in paragraph 14 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

15. Admits the allegations contained in the second sentence of paragraph 15 to the extent supported by the constitutional provision cited, which is the best evidence of its contents; the remainder of the allegations contained in paragraph 15 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

16. The allegations contained in paragraph 16 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

17. The allegations contained in paragraph 17 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

18. The allegations contained in paragraph 18 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

19. The allegations contained in paragraph 19 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed an allegations of fact, they are denied.

20. Denies.

21. Denies.

22. The allegations contained in paragraph 22 constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

23. The allegations contained in paragraph 23 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

24. The allegations contained in paragraph 24 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

25. The allegations contained in paragraph 25 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

26. The allegations contained in paragraph 26 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

27. The allegations contained in paragraph 27 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

28. Denies the allegations contained in paragraph 28 for lack of knowledge or information sufficient to form a belief as to their truth.

29. Admits the allegations contained in paragraph 29 that "Defendant United States of America includes the Department of the Treasury; denies the remainder of the allegations

contained in paragraph 29 for lack of knowledge or information sufficient to form a belief as to their truth because the complaint's definition of "Government" is vague and ambiguous.

30. Denies the allegations contained in paragraph 30 for lack of knowledge or information sufficient to form a belief as to their truth.

31. The allegations contained in paragraph 31 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

32. The allegations contained in paragraph 32 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

33. The allegations contained in paragraph 33 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

34. Denies the allegations contained in paragraph 34 for lack of knowledge or information sufficient to form a belief as to their truth.

35. Denies the allegations contained in paragraph 35 for lack of knowledge or information sufficient to form a belief as to their truth.

36. Denies the allegations contained in paragraph 36 for lack of knowledge or information sufficient to form a belief as to their truth.

37. The allegations contained in paragraph 37 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Defendant further avers that a CDS contract can function in the manner described in the remainder of paragraph 37.

38. Denies the allegations contained in paragraph 38 for lack of knowledge or information sufficient to form a belief as to their truth.

39. Denies the allegations contained in paragraph 39 for lack of knowledge or information sufficient to form a belief as to their truth.

40. Denies the allegations contained in paragraph 40 for lack of knowledge or information sufficient to form a belief as to their truth.

41. Denies the allegations contained in paragraph 41 for lack of knowledge or information sufficient to form a belief as to their truth.

42. Admits the allegations contained in the first sentence of paragraph 42 to the extent supported by the “CDSs” cited, which are the best evidence of their contents; otherwise denies the allegations contained in the first sentence of paragraph 42. Denies the allegations in the remainder of paragraph 42 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague. Defendant avers that a CDO can function in the manner described in the remainder of paragraph 42.

43. Denies the allegations in paragraph 43 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague. Defendant avers that a CDO can function in the manner described in paragraph 43.

44. Denies the allegations in paragraph 44 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague. Defendant avers that a synthetic CDO can function in the manner described in paragraph 44.

45. Denies the allegations contained in paragraph 45 for lack of knowledge or information sufficient to form a belief as to their truth.

46. Admits the allegations in paragraph 46 to the extent supported by the terms of the “CDSs” cited, which are the best evidence of their content; otherwise denies the allegations contained in paragraph 46.

47. The allegations in the first sentence of paragraph 47 are plaintiff’s definition of a term, to which no response is required; otherwise denies the allegations contained in the first and second sentences of paragraph 47 for lack of knowledge or information sufficient to form a belief as to their truth. Defendant avers that a CDS contract can be written to function in the manner described in the second sentence of paragraph 47. Defendant admits the allegations contained in the third sentence of paragraph 47 to the extent supported by the “CDSs” cited, which are the best evidence of their contents; otherwise denies the allegations contained in the third sentence of paragraph 47.

48. Admits the allegations contained in the third sentence of paragraph 48 that AIG had a liquidity crisis in 2008; denies the remainder of the allegations contained in paragraph 48 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague and ambiguous. Defendant avers that the housing market turned down, starting in 2006; that the pace of mortgage defaults accelerated at an unprecedented rate; that beginning about mid-2007, a number of financial institutions failed, and that in September 2008, panic in the financial system was deep and widespread.

49. Denies the allegations contained in the paragraph 49 for lack of knowledge or information sufficient to form a belief as to their truth.

50. Denies the allegations contained in paragraph 50 that for lack of knowledge or information sufficient to form a belief as to their truth.

51. Denies the allegations contained in paragraph 51 for lack of knowledge or information sufficient to form a belief as to their truth.

52. Denies the allegations contained in paragraph 52 for lack of knowledge or information sufficient to form a belief as to their truth.

53. Denies the allegations contained in paragraph 53 for lack of knowledge or information sufficient to form a belief as to their truth.

54. The allegations contained in paragraph 54 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

55. Denies the allegations contained in the first sentence of paragraph 55 for lack of knowledge or information sufficient to form a belief as to their truth because the phrase "throughout the global crisis" and the term "institutions" are vague and ambiguous; defendant avers that during 2008 and 2009, some financial institutions eligible to receive extensions of credit from the Federal Reserve's discount window did receive such extensions of credit. Denies the allegations contained in the second sentence of paragraph 55 for lack of knowledge or information sufficient to form a belief as to its truth because the phrase "biggest borrowers" is vague and ambiguous; defendant further avers that some eligible foreign banks received secured extensions of credit exceeding \$30 billion.

56. Admits the allegations contained in the first sentence of paragraph 56 that on March 31, 2011, after losing an appeal of a Freedom of Information Act request, the Federal Reserve Board released records related to its discount window lending; denies the remainder of the allegations contained in the first sentence of paragraph 56 as vague and ambiguous and for lack of knowledge or information sufficient to form a belief as to their truth. Admits the

allegations contained in the second sentence of paragraph 56 to the extent supported by the “records” cited, which are the best evidence of their contents; otherwise denies the allegations contained in the second sentence of paragraph 56. Denies the allegations contained in the third sentence of paragraph 56 for lack of knowledge or information sufficient to form a belief as to their truth because the phrase “these institutions” is vague and ambiguous.

56(a). Denies the allegations contained in paragraph 56(a) for lack of knowledge or information sufficient to form a belief as to its truth because the phrase “of that amount” is vague and ambiguous.

56(b). Admits the allegations contained in paragraph 56(b) that eligible financial institutions, including Wachovia and eligible primary dealers, received extensions of credit from the Federal Reserve’s discount window and the Primary Dealer Credit Facility and that the Federal Reserve did not receive equity in connection with these extensions of credit; otherwise denies the remainder of the allegations contained in paragraph 56(b) for lack of knowledge or information sufficient to form a belief as to their truth because they are vague and ambiguous.

56(c). Admits the allegations contained in the first sentence of paragraph 56(c) that the Federal Reserve created the Primary Dealer Credit Facility (PDCF) in March 2008, for the purpose of providing liquidity support that before March 2008 had been available through the private sector to primary dealers, but denies to the extent that it is alleged that private sector lending to primary dealers did not continue after March 2008; the remainder of the allegations contained in the first sentence of paragraph 56(c) constitute plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the second sentence of paragraph 56(c) for lack of knowledge or information sufficient to form a belief as to their truth because the phrase

“feedback effect” is ambiguous. The allegations contained in the third sentence of paragraph 56(c) constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

57. Denies the allegations contained in paragraph 57 for lack of knowledge or information sufficient to form a belief as to their truth.

58. The allegations contained in the first sentence of paragraph 58 constitute conclusions of law to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the second sentence of paragraph 58 that the Federal Reserve Bank of New York auctioned term loans through the Term Auction Facility (TAF) to eligible foreign and domestic financial institutions; the remainder of the allegations contained in the second sentence of paragraph 58 constitute plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. The allegations contained in the third sentence of paragraph 58 constitute plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the fourth sentence of paragraph 58 for lack of information sufficient to form a belief as to their truth because they are vague and ambiguous as to the report alleged; defendant avers that Citigroup was eligible to borrow from the Federal Reserve discount window and participated in an asset guarantee program. The allegations contained in the fifth sentence of paragraph 58 constitute plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

59. Admits the allegations contained in the first sentence of paragraph 59 that “The Hartford Financial Services Group, Inc. . . . [received] approximately \$3.4 billion in Troubled

Asset Relief Program (TARP) funds;” denies the remainder of the allegations contained in the first sentence of paragraph 59 for lack of knowledge or information sufficient to form a belief as to their truth because the phrases “other insurance companies,” “access to funds” and “punitive terms” are vague and ambiguous; defendant avers that Hartford received funds through TARP’s Capital Purchase Program (CPP), and that Hartford acquired Federal Trust Corp., a thrift, prior to receiving TARP funds. Denies the allegations contained in the second sentence of paragraph 59 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague and ambiguous. Defendant further avers that Morgan Stanley became a bank holding company in September 2008.

60. The allegations contained in the first sentence of paragraph 60 constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the second sentence of paragraph 60 for lack of knowledge or information sufficient to form a belief as to their truth.

61. Admits the allegations contained in the first sentence of paragraph 61 that AIG attempted to obtain a private-sector solution; denies the remainder of allegations contained in the first sentence of paragraph 61 for lack of knowledge or information sufficient to form a belief as to their truth. Denies the allegations contained in the second sentence of paragraph 61.

61(a). Denies the allegations contained in the first sentence of paragraph 61(a); defendant avers that on September 14, 2008, the FRBNY announced that it was expanding the types of collateral that it would accept at the PDCF. Admits the allegations contained in the second sentence of paragraph 61(a) that the expanded set of collateral included mortgage-backed securities; denies the remainder of the allegations contained in the second sentence of paragraph

61(a) for lack of knowledge or information sufficient to form a belief as to its truth because the phrases “riskier securities” and “mortgage-backed securities that had led to the financial crisis” are vague and ambiguous. Admits the allegations contained in the third sentence of paragraph 61(a) that some eligible primary dealers began to borrow billions of dollars through the PDCF subject to the terms of that program, which, with respect solely to interest rates, ranged on an overnight basis from 0.5-2.25 percent and did not exceed 3.25 percent; denies the remainder of the allegations contained in the third and fourth sentences of paragraph 61(a) for lack of knowledge or information sufficient to form a belief as to their truth. The allegations contained in the fifth sentence of paragraph 61(a) constitute plaintiff’s characterization of its case, to which no response is required; to the extent they made be deemed allegations of fact, they are denied.

62. Admits the allegations contained in paragraph 62 that Lehman Brothers Holdings Inc., filed for bankruptcy protection September 15, 2008; denies the remainder of the allegations contained in paragraph 62 for lack of knowledge or information sufficient to form a belief as to their truth.

63. Denies the allegations contained in the first sentence of paragraph 63; avers that the FRBNY convened a meeting of a private sector consortium which included J.P. Morgan and Goldman Sachs and encouraged participants to find a solution for AIG’s problem. Denies the allegations contained in the second and third sentences for lack of knowledge or information sufficient to form a belief as to their truth.

64. Admits.

65. Denies the allegations contained in paragraph 65 for lack of knowledge or information sufficient to form a belief as to their truth.

66. The allegations contained in paragraph 66 constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

67. The allegations contained in paragraph 67 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

68. Admits the allegations contained in the first sentence of paragraph 68 that on the morning of September 16, 2008, AIG's CEO, Robert Willumstad, informed the FRBNY that AIG needed to consider bankruptcy as a possible course of action; the remainder of the allegations contained in the first sentence of paragraph 68 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the second and third sentences of paragraph 68 for lack of information sufficient to form a belief as to their truth and because the term "Government" is vague and ambiguous.

68(a). The allegations contained in the first sentence of paragraph 68(a) constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the second sentence of paragraph 68(a) that the FRBNY provided AIG with a three-page term sheet on the afternoon of September 16, 2008. Admits the allegations contained in the third sentence of paragraph 68(a) to the extent supported by the term sheet cited, which is the best evidence of its contents; otherwise denies the allegations contained in the third sentence of paragraph 68(a).

68(b). Denies the allegations contained in the first sentence of paragraph 68(b), that a banker hired to represent the FRBNY's interests acknowledged the term sheet to be unfair, for lack of knowledge or information sufficient to form a belief as to its truth; the remainder of the allegations contained in the first sentence of paragraph 68(b) constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the second sentence of paragraph 68(b) that the FRBNY's offer was based on a term sheet formulated by a private-sector consortium; denies the remainder of the allegations contained in the second sentence of paragraph 68(b). Denies the allegations contained in the third sentence of paragraph 68(b); avers that one of the members of the private sector consortium was Goldman Sachs, and that Goldman Sachs received approximately \$14 billion in connection with the purchase of CDOs it held and for the termination of its rights pursuant to CDS contracts with AIG. The allegations contained in the fourth sentence of paragraph 68(b) that "constitutional requirements of proportionality and just compensation [] apply to the Government" is a conclusion of law to which no response is required; to the extent it may be deemed an allegations of fact it is denied; denies the remainder of the allegations contained in the fourth sentence of paragraph 68(b) for lack of knowledge or information sufficient to form a belief as to their truth.

68(c). Denies the allegations contained in paragraph 68(c) for lack of knowledge or information sufficient to form a belief as to their truth.

68(d). Denies the allegations contained in the first sentence of paragraph 68(d). The allegations contained in the second sentence of paragraph 68(d) constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the third sentence of

paragraph 68(d) that the Government Accountability Office reported its finding to the extent supported by the report cited, which is the best evidence of its contents; otherwise denies the allegations contained in the third sentence of paragraph 68(d). Denies the remainder of the allegations contained in paragraph 68(d).

68(e). Admits the allegations contained in paragraph 68(e) to the extent supported by the agreement, report, and testimony cited, which are the best evidence of their contents; otherwise denies the allegations contained in paragraph 68(e).

69. The allegations contained in paragraph 69 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; admits the allegation in the second sentence of paragraph 69 that the Federal Reserve Act contains the quoted language set forth; otherwise denies the allegations in paragraph 69.

69(a). The allegations contained in the first sentence of paragraph 69(a) constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the second sentence of paragraph 69(a). The allegations contained in the third sentence of paragraph 69(a) constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in the fourth and fifth sentences of paragraph 69(a). Additionally, the allegations contained in the fourth and fifth sentences of paragraph 69(a) constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

69(b). Denies the allegations contained in paragraph 69(b) for lack of information sufficient to form a belief as to their truth.

69(c). The allegations contained in the first sentence of paragraph 69(c) constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the second sentence of paragraph 69(c) that eligible banks and primary dealers received extensions of credit through the discount window and the PDCF; AIG counterparties received tens of billions of dollars through the Maiden Lane III transaction, and Citigroup received financial protection through the Treasury agreeing to share potential losses upon Citigroup assets and the asset guarantee program; the remainder of the allegations contained in the second sentence of paragraph 69(c) constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact, they are denied. The allegations contained in the third sentence of paragraph 69(c) constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the fourth sentence of paragraph 69(c). The allegations contained in fifth and sixth sentences of paragraph 69(c) constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

70. The allegations contained in paragraph 70 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

71. Denies the allegations contained in the first sentence of paragraph 71; avers that after the September 16 term sheet was delivered, AIG was urged to make its decision later that

day. Denies the allegations contained in the second sentence of paragraph 71 for lack of knowledge or information sufficient to form a belief as to its truth and because it is vague and ambiguous as to the phrase the “Government privately concluded;” avers that the FRBNY’s officials concluded only that AIG’s failure would be catastrophic. Admits the remainder of the allegations contained in paragraph 71 to the extent supported by the testimony and statement cited, which are the best evidence of their contents; otherwise denies the remainder of the allegations contained in paragraph 71.

72. The allegations contained in the first, second, and third sentences of paragraph 72 constitute plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the fourth sentence of paragraph 72 for lack of knowledge or information sufficient to form a belief as to its truth. The remainder of the allegations contained in paragraph 72 constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

73. Admits the allegations contained in the first sentence of paragraph 73 to the extent supported by the announcement cited, which is the best evidence of its contents; otherwise denies the allegations contained in the first sentence of paragraph 73. The allegations contained in the second sentence of paragraph 73 constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

74. Denies the allegations contained in paragraph 74.

75. Denies.

76. The allegations contained in the first sentence of paragraph 76 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the second sentence of paragraph 76 to the extent supported by the television appearance cited, which is the best evidence of its contents; otherwise denies the allegations contained in the second sentence of paragraph 76.

77. Denies the allegations contained in the first sentence of paragraph 77 for lack of knowledge or information sufficient to form a belief as to their truth because the phrase "often at fire-sale prices" is vague; avers that AIG sought to sell certain assets. Denies the allegations contained in the second sentence of paragraph 77 that there was a "prematurely announced liquidation of AIG;" denies the remainder of the allegations contained in the second sentence of paragraph 77 for lack of knowledge or information sufficient to form a belief as to their truth.

78. Admits the allegations contained in paragraph 78 to the extent supported by the "Credit Agreement" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 78.

79. Admits the allegations contained in the first sentence of paragraph 79 to the extent supported by the "Credit Agreement" cited, which is the best evidence of its contents; otherwise denies the allegations contained in the first sentence of paragraph 79. Denies the allegations contained in the second sentence of paragraph 79.

80. The allegations contained in paragraph 80 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, admits the allegations in paragraph 80 that the "Credit Agreement"

contains the quoted text to the extent supported by the document cited, which is the best evidence of its contents, otherwise denies the allegations in paragraph 80.

81. Admits the allegations contained in paragraph 81 that the Credit Agreement contains the quoted text to the extent supported by the document cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 81.

82. Admits the allegations contained in the first sentence of paragraph 82 to the extent supported by the filings cited, which are the best evidence of its contents; otherwise denies the allegations contained in the first sentence of paragraph 82. Admits the allegations contained in the second sentence of paragraph 82 regarding the quoted text from the Form 10-Q to the extent supported by the form cited, which is the best evidence of its contents; otherwise denies the allegations contained in the second sentence of paragraph 82 regarding the quoted text from the Form 10-Q; the remainder of the allegations contained in the second sentence of paragraph 82 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. The allegations contained in the third and fourth sentences of paragraph 82 constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

83. The allegations contained in paragraph 83 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

84. Admits the allegations contained in paragraph 84 that the Trust was dissolved on January 14, 2011; admits the remainder of the allegations contained in paragraph 84 as to the Trust Agreement's terms to the extent supported by the agreement cited, which is the best

evidence of its contents; otherwise denies the remainder of the allegations contained in paragraph 84.

85. Admits.

86. Admits the allegations contained in paragraph 86 to the extent supported by the agreement cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 86.

87. Admits the allegations contained in paragraph 87 to the extent supported by the agreement cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 87.

88. Admits the allegations contained in paragraph 88 that “[t]he Series C Preferred Stock held by the Trust as its sole asset provide[d] the Trust with voting power equivalent to an approximately 80% interest in AIG;” denies the remainder of the allegations contained in paragraph 88 for lack of knowledge or information sufficient to form a belief as to their truth.

89. The allegations contained in paragraph 89 constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

90. Denies the allegations contained in paragraph 90 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague and ambiguous. Avers that the Federal Reserve Board in authorizing the line of credit extended to AIG cited Section 13(3) of the Federal Reserve Act.

91. The allegations contained in paragraph 91 constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

92. The allegations contained in paragraph 92 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

93. The allegations contained in the first, second, and third sentences of paragraph 93 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the fourth sentence of paragraph 93 to the extent supported by the "GAO Report" cited, which is the best evidence of its contents; otherwise denies the allegations contained in the fourth sentence of paragraph 93. The allegations contained in the fifth sentence of paragraph 93 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

94. The allegations contained in paragraph 94 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

95. The allegations contained in paragraph 95 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

96. The allegations contained in paragraph 96 constitute conclusions of law to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

97. Denies.

98. Denies the allegations contained in paragraph 98 that "AIG was required to agree;" admits the remainder of the allegations contained in paragraph 98 to the extent supported

by the document cited, which is the best evidence of its contents; otherwise denies the allegations contained in the remainder of paragraph 98.

99. Admits the allegations contained in paragraph 99 to the extent supported by the document cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 99.

100. Admits the allegations contained in paragraph 100 to the extent supported by the lawsuit filing cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 100.

101. Admits the allegations contained in paragraph 101 to the extent supported by the “Consent Order” cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 101.

102. Admits the allegations contained in paragraph 102 to the extent supported by the “security filings” cited, which are the best evidence of their contents; otherwise denies the allegations contained in the second sentence of paragraph 102.

103. Admits the allegations contained in paragraph 103 to the extent supported by the “Form 10-Q” cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 103.

104. Admits the allegations contained in paragraph 104 to the extent supported by the “Form 10-K” cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 104.

105. Denies.

106. The allegations contained in paragraph 106 constitute conclusions of law to which no response is required; to the extent they may be deemed allegations of fact admits the

allegations in paragraph 106 to the extent supported by the filings and disclosures cited, which are the best evidence of their contents; otherwise denies the allegations in paragraph 106.

107. Admits the allegations contained in paragraph 107 to the extent supported by the “SPA” cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 107.

108. Admits the allegations contained in paragraph 108 to the extent supported by the “SPA” cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 108.

109. Admits the allegations contained in paragraph 109 to the extent supported by the statement and materials cited, which are the best evidence of their contents; otherwise denies the allegations contained in paragraph 109.

110. Admits the allegations contained in paragraph 110 to the extent supported by the statement cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 110.

111. Admits the allegations contained in the first sentence of paragraph 111 that “[a]t AIG’s annual shareholder meeting on June 30, 2009, this Proposal 3. . . [f]ailed;” the remainder of the allegations contained in paragraph 111 constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

112. Admits the allegations contained in the first and second sentences of paragraph 112 to the extent supported by the proxy materials cited, which are the best evidence of their contents; otherwise denies the allegations contained in the first and second sentences of paragraph 112. The allegations contained in the third and fourth sentences of paragraph 112

constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the fifth and sixth sentences of paragraph 112. Admits the allegations contained in the seventh sentence of paragraph 112 that the number of authorized, but unissued, shares of AIG Common Stock increased from less than 40 percent of the outstanding Common Stock to more than 90 percent of the outstanding Common Stock; the remainder of the allegations contained in the seventh sentence of paragraph 112 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

113. Admits the allegations contained in paragraph 113 to the extent supported by the proxy materials cited, which are the best evidence of their contents; otherwise denies the allegations contained in paragraph 113.

114. Admits.

115. The allegations contained in the first sentence of paragraph 115 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied; avers that the Trust later exchanged its Series C Preferred Shares for 562,868,096 shares of Common Stock of AIG, which together with the preferred shares obtained pursuant to TARP (*i.e.*, the Series E and F Preferred Stock) resulted in a total of 92.1 percent of AIG's Common Stock (or 1,655,037,962 shares) being held for the United States Treasury and by the Department of Treasury. Admits the allegations contained in the second sentence of paragraph 115 to the extent supported by the announcement cited, which is the best evidence of its contents; otherwise denies the allegations contained in the second sentence of paragraph 115.

116. Denies the allegations contained in the first sentence of paragraph 116 that “the Government exchanged its Series C Preferred Stock for 562,868,096 shares of the Common Stock of AIG;” denies the remainder of the allegations contained in the first sentence of paragraph 116 for lack of knowledge or information sufficient to form a belief as to their truth. Avers that, on January 14, 2011, upon the closing of the Recapitalization Plan, the Trust exchanged its Series C Preferred Stock for 562,868,096 shares of Common Stock of AIG transferred to the United States Treasury. The allegations contained in the second sentence of paragraph 116 constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

116(a). Denies the allegations contained in the first sentence of paragraph 116(a); avers that after the Department of the Treasury received 924,546,133 shares of AIG Common Stock in exchange for a portion of the Series E Preferred Stock and 167,623,733 shares of AIG Common Stock in exchange for the Series F Preferred Stock as part of the Recapitalization Plan, the 562,868,096 shares of AIG Common Stock received in exchange for the Series C Preferred Stock amounted to approximately 31.2 percent of issued and outstanding AIG Common Stock. The allegations contained in the second sentence constitute conclusions of law and plaintiff’s characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

116(b). Admits the allegations contained in the first sentence of paragraph 116(b) to the extent supported by the “fairness opinions” cited, which are the best evidence of their contents, otherwise denies the allegations contained in the first sentence of paragraph 116(b). Admits the allegations contained in the second sentence of paragraph 116(b) that “no fairness opinion was given for the exchange of the Series C Preferred Stock”; the remainder of the allegations

contained in the second sentence of paragraph 116(b) constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the third sentence of paragraph 116(b) that \$45 was the exercise price for the warrants issued at the Closing, and that the amount of per share consideration paid at the time of Closing for the shares of AIG Common Stock received in exchange for the Series E Preferred Stock (for which \$41.6 billion in value had been received by AIG) and Series F Preferred Stock was \$45 per share; the remainder of the allegations contained in the third sentence of paragraph 116(b) constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Admits the allegations contained in the fourth sentence of paragraph 116(b) that \$45 was approximately the market price of common shares of AIG Common Stock on the day of the Closing; otherwise denies the allegations contained in the fourth sentence of paragraph 116(b).

116(c). The allegations contained in the first sentence of paragraph 116(c) constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the second sentence of paragraph 116(c); defendant avers that, including accrued dividends, the Treasury paid an approximate net amount of \$49.15 billion in respect of the Series E Preferred Stock and Series F Preferred Stock, and received AIG Common Stock priced at the same amount at Closing. Denies the allegations contained in the third sentence of paragraph 116(c).

117. The allegations contained in paragraph 117 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

118. The allegations contained in paragraph 118 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

119. Admits the allegations contained in paragraph 119 to the extent supported by the testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 119.

120. Admits the allegations contained in paragraph 120 to the extent supported by the testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 120.

121. Admits the allegations contained in paragraph 121 to the extent supported by the testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 121.

122. Admits the allegations contained in the first sentence of paragraph 122 to the extent supported by the testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in the first sentence of paragraph 122. Admits the allegations contained in the remainder of paragraph 122 to the extent supported by the "Addendum" cited, which is the best evidence of its contents; otherwise denies the allegations contained in the remainder of paragraph 122.

123. The allegations contained in paragraph 123 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

124. Denies the allegations contained in the paragraph 124 for lack of knowledge or information sufficient to form a belief as to their truth.

125. Denies the allegations contained in the first sentence of paragraph 125; avers that, in the fall of 2008, pursuant to an AIG request for assistance to the FRBNY, the FRBNY and AIG agreed to create a special purpose vehicle designated, Maiden Lane III (ML III) to resolve AIG's obligations to its CDS counterparties. Denies the allegations contained in the second sentence of paragraph 125; defendant further avers that the Federal Reserve Board authorized the FRBNY to lend to ML III.

126. The allegations contained in paragraph 126 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

127. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 127. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 127 that Maiden Lane III LLC purchased CDOs with a total par value of approximately \$62.1 billion in two stages, with a portion settling on November 25, 2008 and the remaining portion on December 18, 2008; denies the remainder of the allegations contained in paragraph 127 for lack of knowledge or information sufficient to form a belief as to their truth because they are vague.

128. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 128. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the first sentence of paragraph 128. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the second sentence of paragraph 128. To the extent the allegations may be deemed allegations of

fact concerning the direct claims, denies the allegations contained in the third sentence of paragraph 128; avers that the Board of Governors authorized the FRBNY to lend up to \$30 billion to ML III. Admits the allegations contained in the fourth sentence of paragraph 128.

129. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 129. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits that "FRBNY . . . is the controlling party . . . and managing member of ML III," and that FRBNY's direct financial contribution to ML III was in the form of a loan and that AIG was the only party to contribute equity; otherwise denies the allegations contained in the first sentence of paragraph 129. Denies the allegations contained in the second sentence of paragraph 129.

130. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 130. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 130 that ML III ultimately borrowed approximately \$24.3 billion from the FRBNY; AIG provided \$5.0 billion in equity funding to ML III; and ML III purchased from certain third-party counterparties of AIGFP certain U.S. dollar denominated CDOs; otherwise, denies the remainder of the allegations contained in paragraph 130.

131. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 131. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are admitted.

132. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 132. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations

contained in paragraph 132; avers that together with the prior cash collateral posted by AIG pursuant to its contractual obligations under the CDS contracts, AIG's counterparties received approximately \$62 billion for their CDOs and the cancellation of their CDS contracts.

133. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 133. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 133 to the extent they accurately reflect the transaction documents, which are the best evidence of for their contents; otherwise denies the allegations contained in paragraph 133.

134. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 134. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the first sentence of paragraph 134 to the extent they accurately reflect the ML III transaction agreement terms, which are the best evidence of their contents; otherwise denies the allegations contained in the first sentence of paragraph 134. The allegations contained in the second sentence of paragraph 134 constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

135. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 135. The allegations contained in paragraph 135 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

136. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 136. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the first sentence of paragraph 136. The allegations contained in the second sentence of paragraph 136 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

137. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 137. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 137 for lack of knowledge or information sufficient to form a belief as to their truth because the phrase "it was expected" is vague and ambiguous.

138. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 138. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 138 for lack of knowledge or information sufficient to form a belief as to their truth because the phrases "loan security" and "benefitted" are vague and ambiguous.

139. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 139; otherwise denies the remainder of the allegations contained in paragraph 139.

140. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 140. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the

allegations contained in the first sentence of paragraph 140, that of the 16 AIGFP counterparties involved in ML III, the FRBNY contacted eight of them regarding concessions or discounts; denies the remainder of the allegations contained in the first sentence of paragraph 140. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the second sentence of paragraph 140; avers that contacts were made on or about November 6, 2008, and that the FRBNY asked the counterparties to agree by the close of business Friday, November 7, 2008.

141. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 141; otherwise denies the remainder of the allegations contained in paragraph 141.

142. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 142. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the first sentence of paragraph 142 that "at least one counterparty expressed a willingness to accept concessions or discounts;" the remainder of the allegations contained in the first sentence of paragraph 142 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied. Defendant avers that the willingness one counterparty expressed to consider concessions was conditioned on concessions or discounts for all other counterparties on the same terms. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the second sentence of paragraph 142 for lack of knowledge or information sufficient to form a belief as to

their truth. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the third sentence of paragraph 142.

143. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 143. The allegations contained in paragraph 143 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

144. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 144; otherwise, denies the remainder of the allegations contained in paragraph 144.

145. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 145. The allegations contained in paragraph 145 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied. Defendant further avers that ML III secured the "cancellation of the CDS contracts" in part by paying market value for CDOs and counterparties retaining collateral AIG had posted earlier pursuant to its obligations predating ML III.

146. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 146. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits that the November 17, 2009 "SIG-TARP Report" is accurately quoted; otherwise denies the allegations contained in paragraph 146.

147. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 147. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the report contains the statement alleged in the first and second sentences of paragraph 147 to the extent supported by the "Report" referenced and quoted, which is the best evidence of its contents; otherwise denies the allegations contained in the first and second sentences of paragraph 147. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the third sentence of paragraph 147 to the extent supported by the statement referenced, which is the best evidence of its contents; otherwise denies the allegations contained in the third sentence of paragraph 147.

148. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 148. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the characterization that the GAO Report found Government explanations to be "misleading." Admits the allegations contained in paragraph 148 to the extent supported by the "Report" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 148.

149. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 149. To the extent the allegations may be deemed allegations of fact concerning the direct claims admits the allegations contained in paragraph 149 to the extent supported by the "Report" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 149.

150. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 150. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 150 to the extent supported by the "Report" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 150.

151. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 151. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 151 to the extent supported by the "Report" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 151.

152. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 152. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 152 to the extent supported by the "Report" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 152.

153. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 153. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 153 to the extent supported by the "Report" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 153.

154. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 154. To the extent the allegations may be deemed allegations of fact concerning the direct claims and, which are

answered more fully in response to paragraph 146, admits the allegations contained in paragraph 154 to the extent supported by the “Report” cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 154.

155. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 155. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 155 to the extent supported by the “Report” cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 155.

156. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 156. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

157. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 157. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the first sentence of paragraph 157 that, in December 2008, and following consultation with the FRBNY, AIG filed two Form 8-K statements with the SEC related to ML III; denies the remainder of the allegations contained in the first sentence of paragraph 157. Denies the allegations contained in the second sentence of paragraph 157 because the term “omitted” is vague and ambiguous. Defendant avers that, at the FRBNY’s suggestion, which was agreed to by AIG and its counsel, AIG amended the sentence (which AIG had included in its draft) to remove the statement: “As a result of this transaction, the AIGFP counterparties received 100 percent of the par value of the Multi-Sector CDOs sold and the related CDS have been terminated.”

158. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 158. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 158 that the actual filings did not include a Schedule A at the FRBNY's insistence; admits the remainder of the allegations contained in paragraph 158 to the extent supported by the "filings" cited, which are the best evidence of their contents; otherwise denies the remainder of the allegations contained in paragraph 158.

159. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 159. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 159.

160. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 160. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 160 that AIG, with the FRBNY's support, filed two confidential treatment requests with the SEC on January 14, 2009; the remainder of the allegations contained in paragraph 160 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

161. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 161. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations

contained in paragraph 161 for lack of knowledge or information sufficient to form a belief as to their truth.

162. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 162. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 162 that AIG "disclos[ed] certain CDS counterparty information" to the extent supported by the "March 15, 2009 press release" cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 162 for lack of knowledge or information sufficient to form a belief as to their truth

163. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 163. To the extent the allegations may be deemed allegations of fact concerning the direct claims, and to the extent supported by the "press release" cited, admits that the "press release" included the information contained in paragraph 163, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 163.

164. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 164. To the extent the allegations may be deemed allegations of fact concerning the direct claims, and to the extent supported by the "Report" cited, admits that the "Report" included the information contained in paragraph 164, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 164.

165. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 165. The allegations contained

in paragraph 165 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

166. The allegations contained in paragraph 166 constitute plaintiff's characterization of its case to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

167. The allegations contained in paragraph 167 constitute conclusions of law, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

168. The allegations contained in the first sentence in paragraph 168 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the second and third sentences of paragraph 168 for lack of knowledge or information sufficient to form a belief as to their truth.

169. The allegations contained in paragraph 169 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

170. The allegations contained in paragraph 170 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

171. The allegations contained in the first sentence of paragraph 171 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations

contained in the second sentence of paragraph 171 for lack of knowledge or information sufficient to form a belief as to their truth.

172. Denies the allegations contained in paragraph 172 for lack of knowledge or information sufficient to form a belief as to their truth.

173. The allegations contained in paragraph 173 constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied.

174. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 174.

175. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 175.

176. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 176.

177. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 177.

178. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 178.

179. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 179.

180. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 180.

181. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 181.

182. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 182.

183. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 183. To the extent the allegations in the first and second sentences of paragraph 183 may be deemed allegations of fact concerning the direct claims, they are denied. Defendant avers that, on May 11, 2011, the shareholders of AIG elected 14 directors, all of whom continued to serve as of the date of the initial complaint in this action. Seven of the directors elected on May 11, 2011 were originally elected by shareholders in either 2009 or 2010, and two of the directors elected on May 11, 2011 were originally elected by the Department of Treasury. The allegations contained in the third and fourth sentences of paragraph 183 constitute plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied, except defendant admits that three of the directors elected by AIG shareholders on May 11, 2011 served on the Board of Directors of AIG in September 2008.

184. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 184. To the extent the allegations contained in paragraph 184 constitute conclusions of law and plaintiff's characterization of its case, no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

185. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 185. To the extent the allegations contained in the first sentence of paragraph 185 constitute conclusions of law and plaintiff's characterization of its case, no response is required; to the extent they may be deemed

allegations of fact, they are denied. Denies the allegations contained in the second sentence of paragraph 185 for lack of knowledge or information sufficient to form a belief as to their truth because the phrase of “long-standing ties” is vague and ambiguous. Denies the allegations contained in the third and fourth sentences of paragraph 185 for lack of knowledge or information sufficient to form a belief as to their truth. Admit that Mr. Liddy offered the testimony cited in the fifth sentence of paragraph 185 to the extent supported by the “Congressional testimony” cited, which is the best evidence of its contents; otherwise denies the allegations contained in the fifth sentence of paragraph 185.

186. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 186. To the extent the allegations contained in paragraph 186 constitute plaintiff’s characterization of its case, no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

187. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 187. The allegations contained in the first, second and third sentences of paragraph 187 are conclusions of law, to which no response is required. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the first, second and third sentences of paragraph 187 to the extent supported by the “Trust Agreement” cited, which is the best evidence of its contents; otherwise denies the allegations contained in first, second and third sentences of paragraph 187. To the extent the allegations contained in the fourth sentence of paragraph 187 may be deemed allegations of fact concerning the direct claims, defendant denies for lack of knowledge or information sufficient to form a belief as to the allegations contained in the fourth

sentence of paragraph 187 because it is vague and ambiguous. Defendant avers that the shareholders of AIG elected 14 directors on May 11, 2011, and that all of the directors elected on May 11, 2011 continued to serve as of the date of the Second Amended Complaint.

188. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 188. To the extent the allegations contained in paragraph 188 constitute conclusions of law and plaintiff's characterization of its case, no response is required; to the extent they may be deemed allegations of fact concerning the direct claims, they are denied.

189. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 189.

190. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 190.

191. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 191.

192. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 192.

193. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 193. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

193a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 193a. To the extent, the allegations may be deemed allegations of fact concerning the direct claims, admits that the

testimony cited was offered to the extent supported by the testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 193a.

193b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 193b. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 193b for lack of knowledge or information sufficient to form a belief as to their truth because plaintiff fails to identify the internal documents that allegedly contain the statements quoted.

193c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 193c. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 193c for lack of knowledge or information sufficient to form a belief as to their truth because plaintiff fails to cite any source for the quote alleged.

193d. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 193d. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 193d for lack of knowledge or information sufficient to form a belief as to their truth because plaintiff fails to identify the source for the quote alleged.

194. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

194a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194a. To the extent the

allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the first sentence of paragraph 194a for lack of knowledge or information sufficient to form a belief as to their truth. Denies the allegations contained in the second sentence of paragraph 194a.

194b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194b. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the first sentence of paragraph 194b for lack of knowledge or information sufficient to form a belief as to their truth. Denies the allegations contained in the second sentence of paragraph 194b for lack of knowledge or information sufficient to form a belief as to their truth because the terms "commitments" and "more concerned" are vague and ambiguous.

194c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194c. To the extent the allegations contained in the first and second sentences of paragraph 194c concern the direct claims, they constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact, they are denied. Denies the allegations contained in the third sentence of paragraph 194c for lack of knowledge or information sufficient to form a belief as to their truth because the complaint's definition of "at the same time" is vague and ambiguous.

194d. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194d. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations

contained in paragraph 194d for lack of knowledge or information sufficient to form a belief as to their truth because plaintiff fails to adequately identify the source of the purported admissions.

194e. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194e. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 194e to the extent supported by the cited responses to requests for admissions, which are the best evidence of their contents; otherwise denies the allegations contained in paragraph 194e.

194f. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194f. The allegations contained in paragraph 194f are plaintiff's characterization of its claims, to which no response is required. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 193f for lack of knowledge or information sufficient to form a belief as to their truth because plaintiff fails to identify the internal documents that allegedly contain the acknowledgements cited; otherwise denies.

194g. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 194g. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the statement quoted in the allegations contained in paragraph 194g is contained in a GAO report to the extent supported by that report, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 194g.

195. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195. The allegations contained

in paragraph 195 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

195a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195a. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

195ai. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195ai. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the testimony referenced in allegations contained in paragraph 195ai occurred to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 195ai.

195aai. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195aai. The allegations contained in paragraph 195aai constitute conclusions of law or plaintiff's characterization of its case, to which no response is required. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

195b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195b. Denies the allegations contained in paragraph 195b for lack of knowledge or information sufficient to form a belief as to their truth because the admission alleged is not identified and because terms "immediately" and "major decisions" are vague and ambiguous.

195bi. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195bi. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 195bi as to the testimony allegedly offered to the extent supported by the testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 195bi.

195bii. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195bii. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 195bii as to the statement allegedly offered to the extent supported by the Financial Crisis Inquiry Commission interview cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 195bii.

195biii. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195biii. To the extent the allegations contained in the first sentence of paragraph 195biii may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the first sentence of paragraph 195biii as to the content of the report cited, to the extent contained in that report, which is the best evidence of its contents; otherwise denies. To the extent the allegations in the second sentence of paragraph 195biii may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the second sentence of paragraph 195biii as to the testimony allegedly offered to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies.

195biv. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195biv. The allegations contained in the paragraph 195iv constitute plaintiff's characterization of its case, to which no response is required; to the extent it may be deemed an allegation of fact, admits that the quoted language in paragraph 195biv was contained within the report cited, to the extent supported by the report cited, which is the best evidence of its contents; otherwise denies.

195bv. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195bv. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 195bv that "internal communications reveal that the Government . . . was intimately involved in all of AIG's strategic decision making." Avers that a Treasury representative typically attended AIG Board meetings either in person or by phone during the period that Treasury invested in AIG.

195bvi. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195bvi. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 195bvi.

195bvii. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195bvii. The allegations contained in the paragraph 195bvii constitute conclusions of law and plaintiff's characterization of its case as to control, to which no response is required. To the extent they may be deemed allegations of fact concerning the direct claims, admits the allegations in paragraph 195bvii as to

the testimony allegedly offered to the extent supported by the Congressional testimony cited, which is the best evidence of its contents; otherwise denies.

195c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195c. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

195ci. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195ci. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the first sentence of paragraph 195ci as to the announcement allegedly made, to the extent supported by the television program cited, which is the best evidence of its contents; otherwise denies the allegations contained in the first sentence of paragraph 195ci. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the second sentence of paragraph 195ci as to the testimony alleged to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies.

195cii. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195cii. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 195cii as to the testimony alleged to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies.

195ciii. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 195ciii. The allegations contained in the first sentence of paragraph 195ciii are conclusions of law and plaintiff's

characterization of its case, to which no response is required; to the extent the allegations contained in the first sentence of paragraph 195ciii may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the first sentence of paragraph 195ciii. Admits that FRBNY employees and an outside advisor forwarded copies of a valuation JP Morgan prepared of certain AIG business units, and otherwise denies the allegations contained in the second sentence of paragraph 195ciii. Admits the allegations contained in the third and fourth sentences of paragraph 195ciii as to the “valuation” allegedly made by JP Morgan to the extent supported by the “valuation” referred to, which is the best evidence of its contents; otherwise denies.

195civ. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 195civ. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in paragraph 195civ for lack of knowledge or information sufficient to form a belief as to their truth.

195d. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 195d. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 195ci as to the announcement purportedly made, to the extent supported by the announcement cited, which is the best evidence of its contents; otherwise denies.

196. Pursuant to the Court’s June 26, 2013 order dismissing Starr’s derivative claims, no response is required to the allegations contained in paragraph 196. To the extent the allegations contained in paragraph 196 are conclusions of law and plaintiff’s characterization of

its case, no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

196a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 196a. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits that the Government's designated Rule 30(b)(6) witness testified as quoted in paragraph 196a to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 196a.

196b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 196b. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits that the statement quoted in 196b appears as part of defendant's response to request for admission number 23.2, subject to objections, to the extent supported by that response, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 196b.

196c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 196c. Denies the allegations contained in paragraph 196 for lack of knowledge or information sufficient to form a belief as to their truth because plaintiff fails to cite any source for the quote alleged.

197. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 197. The allegations contained in paragraph 197 are conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

197a and ai-iv. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 197ai-iv. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraphs 197a and 197ai-iv as the responses cited to the extent supported by the responses to the requests for admission cited, which are the best evidence of their contents; otherwise denies the allegations contained in paragraphs 197a and 197ai-iv.

197b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 197b. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits that the language quoted in paragraph 197 appears in part of an email correspondence; otherwise denies.

197c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 197c. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 197c as to the testimony cited to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 197c.

198. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 198. The allegations contained in paragraph 198 are conclusions of law to which no response is required. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

198a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 198a. The allegations contained in paragraph 198a are conclusions of law to which no response is required. To the extent the

allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 198a that the testimony cited was offered to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies the allegations.

198b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 198b. To the extent the allegations contained in paragraph 198b are conclusions of law and plaintiff's characterization of its case, no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

199. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 199. The allegations contained in paragraph 199 are conclusions of law, to which no response is required. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

199a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 199a. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 199a to the extent supported by the internal notation cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 199a.

199b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 199b. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 199b as to the contents of the report cited, to the extent

supported by the Congressional Research Report cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 199b.

200. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 200. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

200a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 200a. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

200b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 200b. The allegations contained in paragraph 200b are plaintiff's characterization of its case, to which no response is required. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

200c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 200c. The allegations contained in paragraph 200c are conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

201. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 201. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

201a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 201a. To the extent the

allegations may be deemed allegations of fact concerning the direct claims, admits the allegation in the first sentence of paragraph 201a that, as counsel for FRBNY, Davis Polk & Wardwell participated in drafting the Master Investment and Credit Agreement; otherwise denies the allegations contained in the first sentence of paragraph 201a. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in the second sentence of paragraph 201a as to the alleged testimony, to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 201a.

201b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 201b. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 201b as to the alleged testimony to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 201b.

201c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 201c. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 201c as to the alleged testimony to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 201c.

201d. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 201d. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the

allegations contained in paragraph 201d as to the alleged suggestion, conclusion and statement of the reports cited to the extent supported by the reports cited, which are the best evidence of their contents; otherwise denies the allegations contained in paragraph 201d.

202. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 202. The allegations contained in paragraph 202 are conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

203. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 203. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the first and third sentences of paragraph 203 for lack of information sufficient to form a belief as to their truth. The allegations contained in the second sentence of paragraph 203 are conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent the allegations contained in the second sentence of paragraph 203 may be deemed allegations of fact concerning the direct claims, they are denied.

203a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 203a. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations in the first sentence of paragraph 203a. The allegations contained in the second sentence of paragraph 203a are conclusions of law and plaintiff's characterization of its case to which no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

203b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 203b. The allegations contained in paragraph 203b are conclusions of law and plaintiff's characterization of its case to which no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

204. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 204. To the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

204a. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 204a. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits the allegations contained in paragraph 204a to the extent supported by the testimony cited, which is the best evidence of its contents; otherwise denies the allegations contained in paragraph 204a.

204b. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 204b. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits as to the alleged testimony to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies.

204c. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 204c. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits as to the alleged testimony to the extent supported by the deposition testimony cited, which is the best evidence of its contents, otherwise denies.

204d. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 204d. The allegations contained in paragraph 204d are conclusions of law and plaintiff's characterization of its case to which no response is required. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits as to the alleged testimony to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies.

204e. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 204e. To the extent the allegations may be deemed allegations of fact concerning the direct claims, admits as to the alleged testimony to the extent supported by the deposition testimony cited, which is the best evidence of its contents; otherwise denies.

204f. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 204f. To the extent the allegations may be deemed allegations of fact concerning the direct claims, denies the allegations contained in the first sentence of paragraph 204f for lack of knowledge or information sufficient to form a belief as to their truth because plaintiff fails to cite any source for the quotes alleged. The remainder of the allegations contained in paragraph 204f are conclusions of law and plaintiff's characterization of its case to which no response is required; to the extent the allegations may be deemed allegations of fact concerning the direct claims, they are denied.

205. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 205.

206. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 206.

207. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 207.

208. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 208.

209. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 209.

210. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 210.

211. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 211.

212. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 212.

213. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 213.

214. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 214.

215. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 215.

216. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 216.

217. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 217.

218. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 218.

219. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 219.

220. Defendant's responses to paragraphs 1 through 219 of the complaint are incorporated by reference.

221. The allegations contained in paragraph 221 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

222. The allegations contained in paragraph 222 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

223. The allegations contained in paragraph 223 constitute conclusions of law to which no response is required; to the extent they may be deemed allegations of fact they are denied.

224. The allegations contained in paragraph 224 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

225. The allegations contained in paragraph 225 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

226. The allegations contained in paragraph 226 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

227. The allegations contained in paragraph 227 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

228. The allegations contained in paragraph 228 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

229. The allegations contained in paragraph 229 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

230. The allegations contained in paragraph 230 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

231. The allegations contained in paragraph 231 constitute conclusions of law and plaintiff's characterization of its case, to which no response is required; to the extent they may be deemed allegations of fact they are denied.

232. Defendant's responses to paragraphs 1 through 231 of the complaint are incorporated by reference.

233. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 233.

234. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 234.

235. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 235.

236. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 236.

237. Pursuant to the Court's June 26, 2013 order dismissing Starr's derivative claims, no response is required to the allegations contained in paragraph 237.

238. Denies that plaintiff is entitled to the relief set forth in the prayer for relief immediately following paragraph 237, or to any relief whatsoever.

239. Denies each and every allegation not previously admitted or otherwise qualified.

AFFIRMATIVE DEFENSE: PAYMENT

240. AIG received \$500,000, plus the lending commitment of the FRBNY, in consideration for 100,000 shares of Series C convertible preferred stock that AIG issued to AIG Credit Facility Trust, a trust established for the benefit of the United States Treasury. Consequently, neither plaintiff, Starr International Company, Inc., nor members of the certified classes are entitled to additional compensation or a return of any property in connection with the transactions about which plaintiff complains.

AFFIRMATIVE DEFENSE: EQUITABLE ESTOPPEL, LACHES, WAIVER

241. At the time the FRBNY entered into a contractual rescue of AIG, the FRBNY, the Board of Governors of the Federal Reserve System, and the Department of the Treasury (collectively referenced for purposes of pleading defenses as "Financing Entities") did not believe that the terms of AIG's rescue constituted a taking of property without just compensation or an illegal exaction.

242. AIG entered into agreement with the FRBNY knowing that in exchange for the financing it would receive, it was obligated in turn to provide a 79.9 percent equity interest (Equity Consideration).

243. Starr International learned of the terms of the FRBNY's contractual rescue of AIG, including the Equity Consideration, on or about the September 16, 2008 execution by AIG of the Summary of Terms Senior Bridge Facility (Term Sheet).

244. AIG knew that, by agreeing in writing to the terms of the contractual rescue and by not objecting to the terms of the contractual rescue, the Financing Entities would proceed with the multi-billion dollar rescue of AIG.

245. If AIG or Starr International had informed the Financing Entities in a timely manner that either of them considered the Financing Entities' contractual rescue of AIG to constitute a taking or an illegal exaction, or that the rescue was otherwise illegal or unenforceable, in whole or in part, the Federal Entities could have considered and taken steps to eliminate, reduce, or re-structure the assistance provided to AIG prior to the issuance of the full amount of funds loaned or infused into AIG, including without limitation the \$85 billion September 2008 credit facility, the Federal Reserve's commercial paper funding facility, Maiden Lane II, Maiden Lane III, and the Department of the Treasury's purchase of Series D (converted to Series E) and Series F preferred stock.

246. The Financing Entities reasonably inferred from AIG's and Starr's failure to object to the terms of the contractual rescue of AIG that neither AIG nor Starr International considered the rescue to constitute a taking or an illegal exaction, or to be otherwise illegal or unenforceable, in whole or in part. Accordingly, the rescue of AIG commenced on September 16, 2008, and continued with additional cash infusions connected with the September 16, 2008 and September 22, 2008 agreements, the infusion of money through the Federal Reserve's commercial paper funding facility, Maiden Lane II, Maiden Lane III, and the Department of the Treasury's purchase of Series D (converted to Series E) and Series F preferred stock.

247. AIG continued to perform under the terms of the contractual rescue, and it continued to accept the Financing Entities' performance under the terms of the contractual rescue until the Financing Entities had completed their infusion of funds into AIG. AIG performed and accepted the Financing Entities' performance under the terms of the various contractual rescue agreements executed by AIG (including without limitation the September 2008 and Maiden Lane III agreements).

248. Starr's delay of almost three-and-a-half years before bringing suit against the defendant for an alleged taking or illegal exaction based upon the terms of Financing Entities' contractual rescue is unreasonable.

249. Because AIG and Starr did not complain to the Financing Entities that the contractual rescue of AIG constituted a taking or an illegal exaction, or was otherwise illegal or unenforceable, in whole or in part, before they issued funds to or upon behalf of AIG, the Financing Entities proceeded with their rescue and did not take steps to eliminate, reduce, or restructure assistance to AIG prior to the completion of their lending or infusion of funds into AIG, Maiden Lane II, and Maiden Lane III.

250. Starr's failure to complain in a timely fashion to the Financing Entities that it considered the contractual rescue of AIG to constitute a taking or illegal exaction, or to be otherwise illegal or unenforceable in whole or in part, prejudiced the Financing Entities and the Government.

AFFIRMATIVE DEFENSE: HOLD HARMLESS

251. Section 8.05 (*Expenses; Indemnity*) of the September 22, 2008 Credit Agreement between AIG and the FRBNY provides, in subsection (b):

The Borrower agrees to indemnify the Lender and each of its Representatives (each such Person being called an "Indemnities")

against, and to hold each Indemnities harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnities arising out of, in any way connected with or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby, (ii) the use of the proceeds of the Loans, (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnities is a party thereto (and regardless of whether such matter is initiated by a third party or by the Borrower, any other Loan Party or any of their respective Affiliates)

252. This litigation, and the claims set forth in this litigation, are related to the execution of the Credit Agreement, the performance of the parties of their respective obligations under the Credit Agreement, and the use of the proceeds of the Loans.

253. This litigation, and the claims set forth in this litigation, seek to hold the United States liable for transactions entered into between AIG and the FRBNY. Pursuant to Section 8.05(b) of the Credit Agreement, AIG, as Borrower, shall indemnify the FRBNY and its Representatives, which are defined to include a party exercising control over the FRBNY management and policy. The Board of Governors of the Federal Reserve System, pursuant to the Federal Reserve Act, exercised control over whether the FRBNY would be authorized to execute the contractual rescue agreements with AIG including without limitation the Credit Agreement and Maiden Lane III transactions.

254. In the alternative, pursuant to Section 8.05(b) of the Credit Agreement, AIG, as Borrower, holds the FRBNY, as Lender and Indemnities (and the United States, as the FRBNY's principal), harmless from the claims set forth in this litigation.

AFFIRMATIVE DEFENSE: SEVERABILITY

255. Section 8.12 (*Severability*) of the September 22, 2008 Credit Agreement between AIG and the FRBNY provides, in subsection (b):

In the event that any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect to the extent permitted by applicable law, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

256. In the event that any one or more of the provisions contained in the Credit Agreement or in any other Loan Document should be held invalid, illegal, or unenforceable in any respect to the extent permitted by applicable law, AIG must endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal, or unenforceable provisions.

257. Pursuant to Section 8.12 of the Credit Agreement, AIG holds the United States harmless against any claim to liability arising from any determination that any provision of the Credit Agreement is unconstitutional as a taking without just compensation, or is an illegal exaction, or is otherwise invalid, illegal or unenforceable.

CONTINGENT OFFSET OR RECOUPMENT
FOR THE VALUE OF NET OPERATING LOSS BENEFITS

258. If, as Starr International appears to allege, but for alleged Government interference, a private consortium of investors would have invested funds into AIG sufficient to

enable AIG to meet its obligations as they came due and avoid bankruptcy, the private consortium of investors would likely have become controlling shareholders as defined by Section 382 of the Internal Revenue Code. In that case, AIG would have lost the capacity to use its net operating loss carryforwards (NOLs) to reduce its future tax liabilities.

259. In the alternative, if AIG had not entered into the contractual rescue with Financing Entities, and had not obtained funds from a private consortium of investors, AIG would have had to declare bankruptcy. As a result of a bankruptcy filing, AIG likely would have lost the use of its NOLs, or the value of its NOLs would have been greatly reduced or eliminated.

260. Because of the Financing Entities' contractual rescues of AIG, AIG retained the use of its NOLs.

261. Pursuant to Internal Revenue Service (IRS) guidance issued on various dates including September 29, 2008, the provisions of IRS Section 382 that would have normally resulted in AIG's loss of its NOLs, were not applicable even though the United States ultimately acquired shares of AIG in an amount providing a change in the ability to control AIG. Because the rescue of AIG was undertaken by the Financing Entities, and because the IRS issued special guidance concerning the use of NOL carryforwards despite the provisions of section 382, AIG was able to retain its NOLs to reduce its future tax burden even though AIG transferred a controlling equity interest to the Government.

262. But for the Government's contractual rescue of AIG, AIG would have likely lost the use of its NOLs.

263. Accordingly, should the Court determine that the United States is liable as a result of AIG's conveyance of a controlling equity interest in AIG, the value of AIG's use of NOLs should be calculated as an offset or recoupment against any damage claim.

WHEREFORE, defendant requests that the Court enter judgment in its favor, order that the complaint be dismissed, and grant defendant such other and further relief as the Court may deem just and proper.

Respectfully submitted,

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