



**AIG**

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December 9, 2015

Patrick McCormick  
MV Group

Re: 2016 Annuity Sales Based Payment Agreement

Dear Pat,

Enclosed you will find the 2016 Annuity Sales Based Payment Agreement. I would like to take this opportunity to thank you for the dedication and support you have shown us in the past year. It is relationships like yours that are valued at AIG, and I am honored to partner with you in 2016. Please sign the enclosed Agreement and return via email to [Brian.C.Anderson@AIG.com](mailto:Brian.C.Anderson@AIG.com).

We appreciate your partnership and look forward to success in the months and years ahead. Thank you for your ongoing support.

Sincerely,

A handwritten signature in blue ink, appearing to read "Liza", with a long horizontal flourish extending to the right.

Liza Tyler  
Senior Vice President  
Annuity Distribution

## 2016 ANNUITY SALES BASED PAYMENT AGREEMENT

This 2016 ANNUITY SALES BASED PAYMENT AGREEMENT (“Agreement”) dated as of December 9, 2015 is by and among American General Life Insurance Company (“American General”), The United States Life Insurance Company in the City of New York (“U.S. Life” collectively with American General referred to as “Company”) and MV Group (“Marketing Organization”).

If “Eligible Premium” received and applied to “Approved Products” from January 1, 2016 through December 31, 2016 (“Agreement Period”) reaches thresholds specified below, Marketing Organization will be eligible for a sales based payment (“Sales Based Payment”) based on the terms of this Agreement. This Sales Based Payment is meant to defray Marketing Organization’s marketing costs, including training and education provided to independent marketing organizations, agencies, and agents in Marketing Organization’s hierarchy (“Hierarchy”). The Sales Based Payment also reflects the reduced operational costs: (i) incurred by Company due to Marketing Organization and Hierarchy’s case management services and (ii) due to economies of scale.

### I. Eligible Premium:

“Eligible Premium” includes all first year premium submitted with an application and applied to “Approved Products” from Hierarchy, reduced for premium related to any contract that is:

- (1) not taken;
- (2) freelooked;
- (3) canceled;
- (4) surrendered within the first contract year;
- (5) in excess its annual free withdrawal amount within the first contract year.

The Company reserves the right to exclude the following from Eligible Premium:

- (1) internal replacements from AIG affiliated companies, including but not limited to: American General, U.S. Life and The Variable Annuity Life Insurance Company.
- (2) first year premium attributable to any Hierarchy member whose agency/selling agreement is terminated during the Agreement Period.

While every effort will be made to process all premium received during the Agreement Period, the Company will guarantee to process all premium, accompanied with properly completed and necessary paperwork, if it is received in our Annuity Service Center by December 24, 2016.

### II. Approved Products and Sales Based Payment Calculation

The products in the charts below are the “Approved Products” for 2016. When Marketing Organization’s Hierarchy receives and applies Eligible Premium to Approved Products equivalent to the initial breakpoint threshold and/or subsequent breakpoint thresholds specified below in each category, Marketing Organization will earn a Sales Based Payment that is retroactive to the first dollar of premium received during the Agreement Period. The Marketing Organization can qualify for Sales Based Payments in either or both of the Index Annuity Category and/or the Fixed Annuity Category, but the initial Eligible Premium breakpoint threshold of \$25 million must be reached separately in each category to receive the designated Sales Based Payment. Once an Eligible Premium breakpoint threshold is met in a category (aggregate of all Approved Products in

that category), the amount paid will be based on the pro rata percentages applicable to the relevant products in the category as outlined in the schedules below.

If a new product is introduced during 2016, it may be added to this Agreement in Company's sole discretion. If it is added to this Agreement, a written amendment will be provided to Marketing Organization.

<b>Index Annuity Category</b>				
<b>Product</b>	<b>Eligible Premium Breakpoint Thresholds for 2016</b>			
	<b>\$25M</b>	<b>\$50M</b>	<b>\$75M</b>	<b>≥\$100M</b>
Power 7 Protector	0.25%	0.50%	0.75%	1.00%
Power 7 Protector Plus Income				
Power 10 Protector				
Power 10 Protector Plus Income				

<b>Fixed Annuity Category (Includes SPIA/DIA)</b>			
<b>Product</b>	<b>Eligible Premium Breakpoint Thresholds for 2016</b>		
	<b>\$25M</b>	<b>\$50M</b>	<b>≥\$100M</b>
American Pathway Solutions MYG	0.25%	0.50%	0.75%
American Pathway Fixed 5			
American Pathway Fixed MVA 5			
American Pathway Fixed 7			
American Pathway Fixed MVA 7			
American Pathway Flex Fixed 8			
American Pathway Immediate Annuity (SPIA)	0.10%		0.15%
American Pathway Deferred Income Annuity (DIA)			

### **III. Timing of Sales Based Payment:**

Once a breakpoint threshold is reached in a category, the Sales Based Payment will be paid quarterly according to the following schedule:

Payment Date

- April 29, 2016
- July 29, 2016
- October 28, 2016
- January 27, 2017

#### **IV. Advance of Sales Based Payments**

If Marketing Organization participated in the 2015 Annuity Bonus Program achieving a breakpoint threshold equal to or greater than any of the 2016 breakpoint thresholds for either category above in Section III, Company will advance Marketing Organization's 2016 quarterly Sales Based Payments based on the level it achieved in 2015. Once Marketing Organization's 2016 Eligible Premium reaches the next highest breakpoint threshold, payments will be increased as appropriate. For example, if the Hierarchy applied \$25 million of Eligible Premium in the Fixed Annuity Category for Company's qualifying annuity products in 2015, then the Marketing Organization's Sales Based Payment amount will be calculated at the \$25 million breakpoint threshold in the Fixed Annuity Category in each quarter until the 2016 Eligible Premium reaches \$50 million. The Marketing Organization's Eligible Premium will be reviewed quarterly. Each quarter, the Company reserves the right to discontinue the prior year credit under this Section IV based on the sales trend exhibited by the Marketing Organization. The Company will charge back any amounts paid pursuant to this Section IV if, as of December 31, 2016, the Marketing Organization's actual 2016 production has not met the production threshold for which the applicable Sales Based Payment has been paid in advance.

#### **V. General Terms and Conditions:**

1. **Term.** This Agreement shall commence as of January 1, 2016 and continue until December 31, 2016. There is no guarantee that an Annuity Sales Based Payment Agreement will be continued after this year.
2. **Termination.** The Agreement may be terminated (i) upon written notice provided by either Company or Marketing Organization; or (ii) automatically if payment of the Sales Based Payment provided for herein becomes prohibited by any applicable law, regulation or guidance thereunder ("Applicable Rules") in whole or in part. Eligibility for and entitlement to Sales Based Payment will also terminate upon a default under or termination of Marketing Organization's agency/selling agreement with Company or its affiliates.
3. **Right to Offset.** Sales Based Payment are subject to all offset rights under Marketing Organization and/or its Hierarchy's agency/selling agreement(s) with Company or its affiliates.
4. **Disclosure.** Marketing Organization will disclose the existence of this Sales Based Payment and any other compensation arrangements between the parties hereto, as may be required by Applicable Rules.
5. **Compliance with Applicable Rules.** Nothing about this Sales Based Payment or any compensation arrangement derogates from Marketing Organization's obligation to maintain practices and educational programs that ensure its Hierarchy complies with Applicable Rules, including without limitation, only making recommendations to customers of suitable financial products as required by Applicable Rules.
6. **Severability.** If any provision of this Agreement is held invalid, illegal, unenforceable, or in conflict with Applicable Rules of any jurisdiction, such provision shall be enforced to the extent permitted under Applicable Rules, and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7. **Cooperation.** The parties acknowledge and agree that one or more of the rights and obligations under the Agreement may be affected by changes to Applicable Rules, including but not limited to modifications proposed by the United States Department of Labor to regulations and related guidance governing investment fiduciary advice, which would apply to certain interactions with respect to individual retirement accounts (“IRA”) and/or plans covered by the Employee Retirement Income Securities Act of 1974 (“ERISA”). The parties agree to cooperate to appropriately modify the rights and obligations hereunder as appropriate, including without limitation making any necessary changes to the form, structure or amount of compensation paid hereunder, the sharing of such compensation with third parties, and/or disclosures related thereto. Marketing Organization represents and warrants that it does not have direct contact with consumers or applicants for insurance products of Company.

8. **Entire Agreement.** The information provided herein supersedes any previous agreement, written or oral, among the parties as to the subject matter herein, which specifically includes sales based payments, bonus commissions, marketing allowance, or similar names.

9. **Amendment.** This Amendment can be amended at any time by the Company. These terms are subject to change without notice.

10. **Assignment.** No party shall assign or otherwise transfer this Agreement or any rights or obligations hereunder, in whole or in part, by operation of law or otherwise. Any attempt by any party to assign this Agreement shall terminate this Agreement.

11. **Authority.** Each party hereto represents that the officer signing this Agreement on the party’s behalf is duly authorized to execute this Agreement; and the parties hereto have caused this Agreement to be duly executed by such authorized officer on the date specified above.

Signed by:



\_\_\_\_\_  
Signature

John B. Deremo

Executive Vice President and Chief Distribution Officer

\_\_\_\_\_  
December 9, 2015

Date

\_\_\_\_\_  
Signature

Principal, MV Group

\_\_\_\_\_  
Date