

SECURITIES AND EXCHANGE COMMISSION

FORM S-3/A

Registration statement for specified transactions by certain issuers [amend]

Filing Date: **1995-05-10**
SEC Accession No. **0000950129-95-000446**

([HTML Version](#) on [secdatabase.com](#))

FILER

AMERICAN GENERAL CORP /TX/

CIK:**5103** | IRS No.: **740483432** | State of Incorp.:**TX** | Fiscal Year End: **1231**
Type: **S-3/A** | Act: **33** | File No.: **033-58317** | Film No.: **95535939**
SIC: **6311** Life insurance

Business Address
2929 ALLEN PKWY
HOUSTON TX 77019
7135221111

AMERICAN GENERAL CAPITAL LLC

CIK:**943172** | State of Incorp.:**TX** | Fiscal Year End: **1231**
Type: **S-3/A** | Act: **33** | File No.: **033-58317-01** | Film No.: **95535940**
SIC: **6311** Life insurance

Mailing Address
C/O AMERICAN GENERAL
CORP
2929 ALLEN PKWY
HOUSTON TX 77019

Business Address
C/O AMERICAN GENERAL
CORP
2929 ALLEN PKWY
HOUSTON TX 77019
7135221111

AMERICAN GENERAL DELAWARE LLC

CIK:**943175** | State of Incorp.:**TX** | Fiscal Year End: **1231**
Type: **S-3/A** | Act: **33** | File No.: **033-58317-02** | Film No.: **95535941**
SIC: **6311** Life insurance

Mailing Address
C/O AMERICAN GENERAL
CORP
2929 ALLEN PKWY
HOUSTON TX 77019

Business Address
C/O AMERICAN GENERAL
CORP
2929 ALLEN PKWY
HOUSTON TX 77019-2155
7135221111

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 10, 1995

REGISTRATION NO. 33-58317
NO. 33-58317-01
NO. 33-58317-02

SECURITIES AND EXCHANGE COMMISSION

AMENDMENT NO. 3

TO

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

<TABLE>

<S>	<C>	<C>	
AMERICAN GENERAL CORPORATION	TEXAS		74-0483432
AMERICAN GENERAL DELAWARE, L.L.C.	DELAWARE		51-0366269
AMERICAN GENERAL CAPITAL, L.L.C.	DELAWARE		51-0366270
(EXACT NAME OF EACH REGISTRANT AS SPECIFIED IN ITS CHARTER)	(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)	

AMERICAN GENERAL CORPORATION 2929 ALLEN PARKWAY HOUSTON, TEXAS 77019-2155 (713) 522-1111	AMERICAN GENERAL DELAWARE, L.L.C. AMERICAN GENERAL CAPITAL, L.L.C. 2099 SOUTH DUPONT AVENUE DOVER, DELAWARE 19901 (302) 697-1912
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</TABLE>

(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF EACH
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

<TABLE>

<S>	<C>	
JON P. NEWTON, ESQ. AMERICAN GENERAL CORPORATION 2929 ALLEN PARKWAY HOUSTON, TEXAS 77019-2155 (713) 522-1111	DAVID C. HUGHES AMERICAN GENERAL DELAWARE MANAGEMENT CORPORATION 2099 SOUTH DUPONT AVENUE DOVER, DELAWARE 19901 (302) 697-1912	

</TABLE>

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE FOR EACH REGISTRANT)

PLEASE SEND COPIES OF ALL COMMUNICATIONS TO:

<TABLE>

<S>	<C>	
SCOTT N. WULFE, ESQ. VINSON & ELKINS L.L.P. 2300 FIRST CITY TOWER 1001 FANNIN HOUSTON, TEXAS 77002 (713) 758-2222	JOHN H. NEWMAN, ESQ. BROWN & WOOD ONE WORLD TRADE CENTER NEW YORK, NEW YORK 10048 (212) 839-5336	

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: from time
to time after the effective date of this registration statement, as determined
in light of market conditions.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. / /

If any of the securities being registered on this Form are to be offered on

a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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EXPLANATORY NOTE

This Registration Statement contains the following two separate prospectuses:

1. A form to be used in connection with offerings by American General Corporation of, among other things, its Debt Securities, Common Stock, par value \$.50 per share, Preferred Stock, par value \$1.50 per share, or Warrants to purchase Debt Securities, Common Stock or Preferred Stock, the pages following the cover of which are numbered B-2 through B-22.

2. A form to be used in connection with offerings by American General Delaware, L.L.C. or American General Capital, L.L.C. of, among other things, their respective Preferred Securities, the pages following the cover of which are numbered 2 through 28.

This Registration Statement also contains (i) a form of a Prospectus Supplement to the Prospectus referred to in 2 above which may be used in connection with an offering by American General Delaware, L.L.C. of its Series A Preferred Securities, the pages following the cover of which are numbered S-2 through S-91 and (ii) a form of a Prospectus Supplement to the Prospectus referred to in 2 above which may be used in connection with an offering by American General Capital, L.L.C. of its Series A Preferred Securities, the pages following the cover of which are numbered CS-2 through CS-31.

*
* Information contained herein is subject to completion or amendment. A *
* registration statement relating to these securities has been filed *
* with the Securities and Exchange Commission. These securities may not *
* be sold nor may offers to buy be accepted prior to the time the *
* registration statement becomes effective. This prospectus supplement *
* shall not constitute an offer to sell or the solicitation of an offer *
* to buy nor shall there be any sale of these securities in any State *
* in which such offer, solicitation or sale would be unlawful prior to *
* registration or qualification under the securities laws of any such *
* State. *
*

SUBJECT TO COMPLETION, DATED MAY 10, 1995

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY , 1995

(LOGO)

4,500,000 PREFERRED SECURITIES

AMERICAN GENERAL DELAWARE, L.L.C.

% CONVERTIBLE MONTHLY INCOME PREFERRED SECURITIES, SERIES A

(CONVERTIBLE MIPSSM*)

(LIQUIDATION PREFERENCE \$50 PER SECURITY)

GUARANTEED TO THE EXTENT SET FORTH HEREIN BY, AND CONVERTIBLE INTO COMMON STOCK
OF,

AMERICAN GENERAL CORPORATION

The % Convertible Monthly Income Preferred Securities, Series A (the "Series A Preferred Securities"), representing the preferred limited liability company interests offered hereby, are being issued by American General Delaware, L.L.C., a Delaware limited liability company ("American General Delaware"). All of the common limited liability company interests in American General Delaware (the "Common Securities") are owned directly or indirectly by American General Corporation, a Texas corporation ("American General" or the "Company"). American General Delaware exists for the purpose of issuing limited liability company interests and investing the proceeds thereof in debt securities of American General. The proceeds from the offering of the Series A Preferred Securities will be used by American General Delaware to purchase from American General its

% Series A Convertible Junior Subordinated Debentures due 2025 (the "Series A Junior Subordinated Debentures") having the terms described herein and in the accompanying Prospectus.

(continued on next page)

SEE "INVESTMENT CONSIDERATIONS" FOR A DISCUSSION OF CERTAIN MATERIAL RISKS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES A PREFERRED SECURITIES, INCLUDING THE PERIOD AND CIRCUMSTANCES DURING AND UNDER WHICH PAYMENTS ON THE SERIES A PREFERRED SECURITIES AND THE SERIES A JUNIOR SUBORDINATED DEBENTURES MAY BE DEFERRED AND THE RELATED FEDERAL INCOME TAX CONSIDERATIONS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS TO WHICH IT RELATES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

	INITIAL PUBLIC OFFERING PRICE	UNDERWRITING COMMISSION (1)	PROCEEDS TO AMERICAN GENERAL DELAWARE (2) (3)
<S>	<C>	<C>	<C>
Per Series A Preferred Security.....	\$50.00	(2)	\$50.00
Total (4)	\$	(2)	\$

</TABLE>

(1) American General Delaware and American General have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting".

(2) In view of the fact that the proceeds of the sale of the Series A Preferred Securities will be used by American General Delaware to purchase the Series A Junior Subordinated Debentures of American General, the Underwriting Agreement provides that American General will pay to the Underwriters, as compensation ("Underwriters' Compensation"), \$ per Series A Preferred Security (or \$ in the aggregate). See "Underwriting".

(3) Expenses of the offering, which are payable by American General, are estimated to be \$.

(4) American General Delaware and American General have granted the Underwriters an option for 30 days to purchase up to an additional 500,000 Series A Preferred Securities at the initial public offering price per Series A Preferred Security solely to cover over-allotments, if any. American General will pay to the Underwriters, as Underwriters' Compensation, \$ per Series A Preferred Security purchased pursuant to this option. If such option is exercised in full, the total initial public offering price, Underwriters' Compensation and proceeds to American General Delaware will be \$, \$ and \$, respectively. See "Underwriting".

The Series A Preferred Securities offered hereby are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that delivery of the Series A Preferred Securities will be made only in book-entry form through the facilities of The Depository Trust Company on or about May , 1995.

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* MIPS is a service mark of Goldman, Sachs & Co.

GOLDMAN, SACHS & CO.

J.P. MORGAN SECURITIES INC.

CS FIRST BOSTON

MERRILL LYNCH & CO.

SALOMON BROTHERS INC

The date of this Prospectus Supplement is May , 1995.

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The Series A Junior Subordinated Debentures are subordinated in right of payment to all Senior Indebtedness (as defined under "Description of the Junior Subordinated Debentures -- Subordination" in the accompanying Prospectus) of American General. As of March 31, 1995, American General had approximately \$2.8 billion of indebtedness constituting Senior Indebtedness.

Holders of the Series A Preferred Securities will be entitled to receive cumulative cash distributions ("dividends") from American General Delaware at the annual rate of % of the liquidation preference of \$50 per Series A Preferred Security, accruing from the date of original issuance and payable monthly in arrears on the last day of each calendar month of each year, commencing June 30, 1995. See "Description of the Series A Preferred Securities -- Dividends".

In the event of the liquidation, dissolution or winding-up of American General Delaware, holders of Series A Preferred Securities will be entitled to receive for each Series A Preferred Security a liquidation preference of \$50 plus an amount equal to any accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends (as defined herein), to the date of payment, subject to certain limitations, unless such liquidation, dissolution or winding-up is in connection with or after the exchange of the Series A Preferred Securities for the Series A Junior Subordinated Debentures. See "Description of the Series A Preferred Securities -- Liquidation Rights".

Each Series A Preferred Security is convertible in the manner described herein at the option of the holder, at any time prior to the Conversion Expiration Date (as defined herein), into shares of Common Stock, par value \$.50 per share, of American General ("American General Common Stock"), at the rate of shares of American General Common Stock for each Series A Preferred Security (equivalent to a conversion price of \$ per share of American General Common Stock), subject to adjustment in certain circumstances. Whenever

American General issues shares of American General Common Stock upon conversion of Series A Preferred Securities, American General will, subject to certain conditions, issue, together with each share of American General Common Stock, one Right (as defined herein) entitling the holder thereof, under certain circumstances, to purchase shares of Series A Junior Participating Preferred Stock (or other securities in lieu thereof). See "Description of the Series A Preferred Securities -- Conversion Rights". The last reported sale price of American General Common Stock, which is reported under the symbol "AGC" on the New York Stock Exchange Composite Tape, on May 9, 1995, was \$33 3/8 per share. See "Market Prices of American General Common Stock and Dividends". On and after , American General Delaware may, at its option, cause the conversion rights of holders of the Series A Preferred Securities to expire. American General Delaware may exercise this option only if (i) American General Delaware is then current in the payment of dividends on the Series A Preferred Securities and (ii) for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, the Current Market Price (as defined herein) of American General Common Stock has exceeded 120% of the conversion price of the Series A Preferred Securities, subject to adjustment in certain circumstances. In order to exercise its conversion expiration option, American General Delaware must issue a press release announcing the date (which date must be not less than 30 and not more than 60 calendar days following the issuance of such press release) upon which conversion rights will expire prior to the opening of business on the second trading day after a period in which the conditions in the preceding sentence have been met, but in no event prior to . See "Description of the Series A Preferred Securities -- Conversion Rights".

The Series A Preferred Securities will be redeemable at the option of American General Delaware (subject to the prior consent of American General), in whole or in part, from time to time, on or after , 2003, at a cash redemption price equal to the liquidation preference for such

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Series A Preferred Securities plus accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date fixed for redemption (the "Redemption Price"). In addition, if at any time after the Conversion Expiration Date, less than 10% of the Series A Preferred Securities issued in the Offering (as defined herein) remains outstanding, then such Series A Preferred Securities will be redeemable at the option of American General Delaware (subject to the prior consent of American General), in whole but not in part, at the Redemption Price. The Series A Preferred Securities will not have a stated maturity date, although they will be subject to mandatory redemption upon repayment of the principal of the Series A Junior Subordinated Debentures at stated maturity (, 2025), earlier redemption or otherwise, including as a result of acceleration thereof. See "Description of the Series A Preferred Securities -- Redemption".

In addition, the Series A Preferred Securities are subject to exchange in the manner described herein, in whole but not in part, for shares of Series A Cumulative Convertible Preferred Stock, par value \$1.50 per share, of American General ("American General Series A Preferred Stock"), at the rate of one share of American General Series A Preferred Stock for each Series A Preferred Security, upon a vote of the holders of a majority of the aggregate liquidation preference of all outstanding Series A Preferred Securities following the failure of holders of Series A Preferred Securities to receive dividends in full (including arrearages) for 15 consecutive months. The American General Series A Preferred Stock will have dividend, liquidation, optional redemption and conversion provisions and certain other terms substantially similar to those of the Series A Preferred Securities, except that, among other things, the holders of American General Series A Preferred Stock will have the right (voting together with holders of certain other series of capital stock of American General) to elect two additional directors of American General whenever dividends on the American General Series A Preferred Stock are in arrears for 18 or more consecutive months, no interest will accumulate or be payable on any dividend arrearages on the American General Series A Preferred Stock and the American General Series A Preferred Stock will not be subject to mandatory redemption. See "Description of the Series A Preferred Securities -- Optional Exchange for American General Series A Preferred Stock".

American General will irrevocably and unconditionally guarantee, on a

subordinated basis and to the extent set forth herein and in the accompanying Prospectus, the payment of dividends by American General Delaware on the Series A Preferred Securities (but only if and to the extent declared from funds of American General Delaware legally available therefor), the Redemption Price payable with respect to Series A Preferred Securities (but only to the extent payable out of funds of American General Delaware legally available therefor) and payments on liquidation, dissolution or winding-up with respect to the Series A Preferred Securities (but only to the extent that assets of American General Delaware are available for distribution to holders of the Series A Preferred Securities) (the "Guarantee"). The Guarantee will be unsecured and will be subordinate to all other liabilities of American General (other than certain other guarantees) and will rank pari passu with the most senior preferred stock issued by American General. See "Description of the Guarantees" in the accompanying Prospectus.

American General Delaware's ability to pay amounts due on the Series A Preferred Securities is solely dependent upon its receipt of payments from American General on the Series A Junior Subordinated Debentures as and when required. Interest on the Series A Junior Subordinated Debentures is payable monthly in arrears but such interest payment period may be extended from time to time by American General to a period not exceeding 60 consecutive months (an "Extension Period"), in which event monthly dividend payments on the Series A Preferred Securities by American General Delaware would be deferred but would continue to accumulate monthly and Additional Dividends, intended to provide monthly compounding on dividend arrearages, would also

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accumulate. Prior to the termination of any Extension Period of less than 60 consecutive months, American General may further extend the interest payment period as long as such Extension Period, as further extended, does not exceed 60 consecutive months and does not extend beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all accrued and unpaid interest (including compounded interest), American General may select a new Extension Period, subject to the preceding sentence. No interest will be due during an extended interest payment period until the end of such period. At the end of any such Extension Period, American General will be required to pay all accrued and unpaid interest (including compounded interest) and upon such payment American General Delaware should be able to pay all accumulated and unpaid dividends on the Series A Preferred Securities (including Additional Dividends). If American General does not make interest payments on the Series A Junior Subordinated Debentures, American General Delaware will not have sufficient funds to pay the dividends on the Series A Preferred Securities. The Guarantee does not cover payment of dividends when American General Delaware does not have sufficient legally available funds to pay such dividends. The failure of holders of the Series A Preferred Securities to receive dividends in full (including arrearages) for 15 consecutive months would trigger the right of such holders to obtain American General Series A Preferred Stock in the manner described herein. See "Description of the Series A Preferred Securities -- Dividends" and "Description of the Series A Junior Subordinated Debentures".

At any time after the occurrence of a Special Event (as defined herein), American General Delaware (subject to the prior consent of American General) may exchange in the manner described herein, in whole but not in part, the Series A Preferred Securities for Series A Junior Subordinated Debentures having an aggregate principal amount and accrued and unpaid interest equal to the aggregate liquidation preference and accumulated and unpaid dividends (including Additional Dividends), respectively, of the Series A Preferred Securities. In connection with any such exchange, American General Delaware may be liquidated, dissolved or wound-up. Such Series A Junior Subordinated Debentures will have provisions with respect to interest, optional redemption and conversion into American General Common Stock (including Conversion Expiration Date provisions) and certain other terms substantially similar or analogous to those of the Series A Preferred Securities for which they are exchanged. See "Description of the Series A Preferred Securities -- Special Event Exchange for Series A Junior Subordinated Debentures".

The Series A Preferred Securities have been approved for listing on the New York Stock Exchange ("NYSE"), subject to notice of issuance, under the symbol

The Series A Preferred Securities will be represented by a global certificate or certificates registered in the name of Cede & Co. (as nominee for The Depository Trust Company ("DTC")). Beneficial interests in the Series A Preferred Securities will be shown on, and transfers thereof will be effected only through, records maintained by the participants in DTC. Except as described herein, Series A Preferred Securities in certificated form will not be issued in exchange for the global certificate or certificates. See "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying Prospectus.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES A PREFERRED SECURITIES OFFERED HEREBY AND AMERICAN GENERAL COMMON STOCK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by, and should be read in connection with, the more detailed information and financial data appearing elsewhere in this Prospectus Supplement, including the information under "Investment Considerations," and in the accompanying Prospectus.

AMERICAN GENERAL CORPORATION

American General, with assets of \$56 billion and shareholders' equity of \$4.4 billion as of March 31, 1995, is one of the nation's largest consumer financial services organizations. American General is headquartered in Houston, Texas and operates through its subsidiaries in all 50 states, the District of Columbia, Canada, Puerto Rico, and the U.S. Virgin Islands. American General was incorporated as a general business corporation in Texas in 1980 and is the successor to American General Insurance Company, incorporated in Texas in 1926.

American General's operations are classified into three business segments: Retirement Annuities, which specializes in providing tax-deferred retirement plans and annuities to employees of educational, health care and other not-for-profit organizations; Consumer Finance, which offers consumer and home equity loans, credit cards, and credit-related insurance to individuals through more than 1,300 branch offices; and Life Insurance, which provides traditional and interest-sensitive life insurance and both fixed and variable annuity products through 14,000 sales representatives and general agents.

AMERICAN GENERAL DELAWARE, L.L.C.

American General Delaware is a special purpose limited liability company recently formed under the laws of the State of Delaware. All of its common limited liability company interests are owned directly or indirectly by American General. American General Delaware has no board of directors, and all of its business and affairs are managed by American General Delaware Management Corporation, a wholly-owned subsidiary of American General.

American General Delaware exists for the purpose of issuing its limited liability company interests and lending substantially all of the proceeds thereof to American General, and may not engage in any other activities. The Series A Preferred Securities constitute a series of American General Delaware's Preferred Securities and the proceeds of the sale of the Series A Preferred Securities will be invested by American General Delaware in American General's Series A Junior Subordinated Debentures. The payment by American General Delaware of dividends due on the Series A Preferred Securities is solely dependent on its receipt of interest payments from American General on the Series A Junior Subordinated Debentures.

THE OFFERING

Securities Offered..... 4,500,000 of American General Delaware's %
Convertible Monthly Income Preferred Securities,
Series A. Additionally, American General Delaware
and American General have granted the Underwriters
an option for 30 days to purchase up to an
additional 500,000 Series A Preferred Securities at

the initial public offering price solely to cover over-allotments, if any.

Dividends..... Dividends on the Series A Preferred Securities will be cumulative from the date of original issuance of the Series A Preferred Securities and will be payable at the annual rate of \$, or % of the liquidation preference of \$50 per Series A Preferred Security. Subject to the dividend deferral provisions described below, dividends will be payable monthly in arrears on the last day

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of each calendar month, commencing June 30, 1995. Payment of dividends is limited to the funds held by American General Delaware and legally available for distribution to the holders of the Series A Preferred Securities.

Dividend Deferral

Provisions..... The ability of American General Delaware to pay dividends on the Series A Preferred Securities is solely dependent on its receipt of interest payments from American General on the Series A Junior Subordinated Debentures. American General has the right, at any time and from time to time, to extend the interest payment period on the Series A Junior Subordinated Debentures for an Extension Period not exceeding 60 consecutive months, as described below under "Series A Junior Subordinated Debentures." Monthly dividends on the Series A Preferred Securities would be deferred by American General Delaware (but would continue to accumulate monthly and Additional Dividends, intended to provide monthly compounding on dividend arrearages, would also accumulate) during any such Extension Period. American General Delaware will give written notice of American General's extension of an interest payment period to the holders of the Series A Preferred Securities no later than the last date on which it would be required to notify the NYSE of the record or payment date of the related dividend, which is currently 10 days prior to such record or payment date. See "Investment Considerations -- Option to Extend Interest Payment Period (Deferral of Dividends on Series A Preferred Securities)," "Description of the Series A Preferred Securities -- Dividends" and "Description of the Series A Junior Subordinated Debentures -- Option to Extend Interest Payment Period." If an extension of an interest payment period occurs, American General Delaware, except in very limited circumstances, will continue to accrue income for United States income tax purposes which will be allocated, but not distributed, to the holders of Series A Preferred Securities in advance of any corresponding cash distribution. See "Investment Considerations -- Tax Considerations of Extended Interest Payment Period (Deferral of Dividends on Series A Preferred Securities)" and "Certain Federal Income Tax Considerations -- Original Issue Discount."

Rights Upon Deferral of

Dividends..... During any extension of an interest payment period on the Series A Junior Subordinated Debentures, interest on the Series A Junior Subordinated Debentures will, to the extent permitted by applicable law, compound monthly and monthly dividends and Additional Dividends, intended to provide monthly compounding on dividend arrearages, will accumulate on the Series A Preferred Securities. The failure of holders of the Series A Preferred Securities to receive dividends in full (including arrearages) for 15 consecutive months

would give such holders the right to obtain American General Series A Preferred Stock in the manner described below under "Optional Exchange for American General Series A Preferred Stock." Additionally, American General has agreed, among other things, not to declare or pay any dividend on any of its common or preferred stock during any Extension Period.

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See "Description of the Guarantees -- Certain Covenants of American General" in the accompanying Prospectus.

Conversion into American
General Common Stock.....

Each Series A Preferred Security is convertible at the option of the holder, at any time prior to the Conversion Expiration Date, into shares of American General Common Stock, at the rate of _____ shares of American General Common Stock for each Series A Preferred Security (equivalent to a conversion price of \$ _____ per share of American General Common Stock), subject to adjustment in certain circumstances. The last reported sale price of American General Common Stock on the NYSE Composite Tape on May 9, 1995, was \$33 3/8 per share. In connection with any conversion of a Series A Preferred Security, the Conversion Agent (as defined herein) will exchange such Series A Preferred Security for the appropriate principal amount of the Series A Junior Subordinated Debentures held by American General Delaware and immediately convert such Series A Junior Subordinated Debentures into American General Common Stock. On and after _____, American General Delaware may, at its option, cause the conversion rights of the holders of the Series A Preferred Securities to expire. American General Delaware may exercise this option if it is current in the payment of dividends on the Series A Preferred Securities and if for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, the Current Market Price of American General Common Stock has exceeded 120% of the then applicable conversion price of the Series A Preferred Securities. To exercise its conversion expiration option, American General Delaware must issue a press release for publication on the Dow Jones News Service announcing the date upon which conversion rights will expire prior to the opening of business on the second trading day after a period in which the conditions in the preceding sentence have been met. The "Conversion Expiration Date" shall be the close of business on a date not less than 30 and not more than 60 calendar days following the date of such press release; provided, however, that if American General Delaware has not exercised its conversion expiration option, the Conversion Expiration Date with respect to any Series A Preferred Securities which are called for redemption will be the close of business on the third Business Day (as defined herein) prior to the scheduled date for such redemption. Whenever American General issues shares of American General Common Stock upon conversion of Series A Preferred Securities, American General will, subject to certain conditions, issue, together with each share of American General Common Stock, one Right (as defined herein) entitling the holder thereof, under certain circumstances, to purchase shares of Series A Junior Participating Preferred Stock (or other securities in lieu thereof). See "Description of the Series A Preferred Securities -- Conversion Rights."

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Optional Exchange for
American General Series A
Preferred Stock.....

Upon the failure of holders of the Series A Preferred Securities to receive, for 15 consecutive months, the full amount of dividend payments (including any arrearages), the holders of a majority of the aggregate liquidation preference of Series A Preferred Securities then outstanding, voting at a special meeting called for such purpose or by written consent, may, at their option, direct the Conversion Agent to exchange all (but not less than all) Series A Preferred Securities for Series A Junior Subordinated Debentures held by American General Delaware and to immediately exchange the Series A Junior Subordinated Debentures on behalf of such holders for shares of American General Series A Preferred Stock at the rate of one share of American General Series A Preferred Stock for each Series A Preferred Security. The American General Series A Preferred Stock will have dividend, conversion, liquidation preference, optional redemption and certain other terms substantially similar to the terms of the Series A Preferred Securities, except that, among other things, the holders of American General Series A Preferred Stock will have the right (voting separately as a class together with the holders of shares of any series of capital stock of American General ranking pari passu with American General Series A Preferred Stock as to the payment of dividends on which like voting rights have been conferred and are exercisable) to elect two additional directors of American General whenever dividends on the American General Series A Preferred Stock are in arrears for 18 or more consecutive months (including for this purpose any arrearage with respect to the Series A Preferred Securities), no interest will accumulate or be payable on any dividend arrearages on the American General Series A Preferred Stock and the American General Series A Preferred Stock will not be subject to mandatory redemption. If the Series A Preferred Securities are exchanged for American General Series A Preferred Stock, American General will use its best efforts to have the American General Series A Preferred Stock listed on the NYSE or other exchange on which the Series A Preferred Securities may then be listed. See "Description of the Series A Preferred Securities -- Optional Exchange for American General Series A Preferred Stock." Certain tax consequences of an exchange, including the possibility of additional income tax to the extent accrued interest on the Series A Junior Subordinated Debentures is converted into accumulated dividends on American General Series A Preferred Stock, are described under "Certain Federal Income Tax Considerations -- Exchange of Series A Preferred Securities for American General Stock."

Liquidation Preference..... \$50 per Series A Preferred Security, plus an amount equal to any accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date of payment. See "Description of the Series A Preferred Securities -- Liquidation Rights."

Redemption..... The Series A Preferred Securities will be redeemable for cash, at the option of American General Delaware (subject to the prior

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consent of American General), in whole or in part, from time to time, on or after , 2003, at the Redemption Price. In addition, if, at any time

following the Conversion Expiration Date, less than 10% of the Series A Preferred Securities issued in the Offering remains outstanding, then such Series A Preferred Securities will be redeemable for cash at the option of American General Delaware (subject to the prior consent of American General), in whole but not in part, at the Redemption Price. The Series A Preferred Securities will not have a stated maturity date, although they will be subject to mandatory redemption upon the repayment of the Series A Junior Subordinated Debentures at stated maturity (, 2025), earlier redemption or otherwise, including as a result of acceleration thereof. See "Description of the Series A Preferred Securities -- Redemption."

Guarantee..... American General will irrevocably guarantee, on a subordinated basis and to the extent set forth herein and in the accompanying Prospectus, the payment in full of (a) the dividends on the Series A Preferred Securities if and to the extent declared from funds of American General Delaware legally available therefor, (b) the Redemption Price of the Series A Preferred Securities to the extent of funds of American General Delaware legally available therefor, and (c) the liquidation preference of the Series A Preferred Securities to the extent of the assets of American General Delaware available for distribution to holders of Series A Preferred Securities. The Guarantee will be unsecured and will be subordinate to all other liabilities of American General except for certain other guarantees executed by American General. The Guarantee will rank pari passu with the most senior preferred stock issued by American General. Upon the liquidation, dissolution or winding-up of American General, its obligations under the Guarantee will rank junior to all of its other liabilities (other than certain other guarantees) and, therefore, funds may not be available for payment under the Guarantee. See "Investment Considerations -- Subordinate Obligations Under Guarantee and Series A Junior Subordinated Debentures." Also see "Description of the Guarantees" in the accompanying Prospectus.

Voting Rights..... Generally, holders of the Series A Preferred Securities will not have any voting rights. However, if American General Delaware fails to pay dividends in full (including any arrearages) on the Series A Preferred Securities for 18 consecutive months, an Event of Default with respect to the Series A Junior Subordinated Debentures occurs and is continuing, or American General defaults under the Guarantee with respect to the Series A Preferred Securities, the holders of the Series A Preferred Securities will be entitled to appoint and authorize a Special Trustee to enforce American General Delaware's rights under the Series A Junior Subordinated Debentures, enforce American General's obligations under the Guarantee with respect to the Series A Preferred Securities and declare, other than during an Extension Period, and pay dividends on the Series A Preferred Securities to the extent funds of American General Delaware are legally available therefor. In addition, if for any reason (including an extension by

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American General of the interest payment period on the Series A Junior Subordinated Debentures) holders of Series A Preferred Securities fail to receive, for 15 consecutive months, the full amount of dividend payments (including any arrearages), the holders of the Series A Preferred Securities will be entitled to call a special meeting for the purpose of deciding whether to exchange all Series

A Preferred Securities then outstanding for shares of American General Series A Preferred Stock, as described above under "Optional Exchange for American General Series A Preferred Stock." See "Description of the Series A Preferred Securities -- Voting Rights."

Special Event Exchange for
Series A Junior
Subordinated Debentures....

At any time after the occurrence of a Tax Event or an Investment Company Event (each, as defined herein, and each, a "Special Event"), American General Delaware (subject to the prior consent of American General) may exchange, in whole but not in part, the Series A Preferred Securities for Series A Junior Subordinated Debentures having an aggregate principal amount and accrued and unpaid interest equal to the aggregate liquidation preference and accumulated and unpaid dividends (including Additional Dividends), respectively, of the Series A Preferred Securities. In connection with any such exchange, American General Delaware may be liquidated, dissolved or wound-up. Such Series A Junior Subordinated Debentures will have provisions with respect to interest, optional redemption and conversion into American General Common Stock (including Conversion Expiration Date provisions) and certain other terms substantially similar or analogous to those of the Series A Preferred Securities. If the Series A Preferred Securities are so exchanged for Series A Junior Subordinated Debentures, American General will use its best efforts to have the Series A Junior Subordinated Debentures listed on the NYSE or other exchange on which the Series A Preferred Securities may then be listed. See "Description of the Series A Preferred Securities -- Special Event Exchange for Series A Junior Subordinated Debentures."

Series A Junior
Subordinated Debentures....

The Series A Junior Subordinated Debentures will mature on _____, 2025, and will bear interest at the rate of _____ % per annum, payable monthly in arrears. Such payment period may be extended from time to time by American General (during which period interest would continue to accrue and compound monthly) to an Extension Period not exceeding 60 consecutive months. Prior to the termination of any Extension Period of less than 60 consecutive months, American General may further extend the interest payment period as long as such Extension Period, as further extended, does not exceed 60 consecutive months and does not extend beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all accrued and unpaid interest (including compounded interest), American General may select a new Extension Period, subject to the preceding sentence. No interest shall be due during an ex-

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tended interest payment period until the end of such period. If American General extends an interest payment period, it will be prohibited from paying dividends on any of its capital stock and making certain other restricted payments until monthly interest payments are resumed and all accumulated and unpaid interest (including any interest payable to effect monthly compounding) on the Series A Junior Subordinated Debentures is brought current. The payment of the principal of and interest on the Series A Junior Subordinated Debentures will be subordinated in right of payment to all Senior Indebtedness (as defined under "Description of the Junior Subordinated Debentures -- Subordination" in the accompanying Prospectus) of American General. As of March 31, 1995, American General had approximately \$2.8 billion of Senior Indebtedness. The Series A Junior

Subordinated Debentures will have provisions with respect to interest, optional redemption and conversion into American General Common Stock (including Conversion Expiration Date provisions) and certain other terms substantially similar or analogous to those of the Series A Preferred Securities. See "Description of the Series A Junior Subordinated Debentures" and "Investment Considerations -- Subordinate Obligations Under Guarantee and Series A Junior Subordinated Debentures."

Use of Proceeds..... American General Delaware will invest the proceeds received from the sale of the Series A Preferred Securities in the Series A Junior Subordinated Debentures of American General. After paying the expenses associated with the offering made hereby (the "Offering"), American General will use the net proceeds to repay short-term real estate debt. See "Use of Proceeds."

Form of Series A Preferred Securities..... The Series A Preferred Securities will be represented by a global certificate or certificates registered in the name of Cede & Co., as nominee for DTC. Beneficial interests in the Series A Preferred Securities will be evidenced by, and transfers thereof will be effected only through, records maintained by the participants in DTC. Except as described herein, Series A Preferred Securities in certificated form will not be issued in exchange for the global certificate or certificates. See "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying Prospectus.

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SUMMARY FINANCIAL INFORMATION OF AMERICAN GENERAL

The following table presents summary consolidated financial information derived from American General's audited financial statements as of and for the five years ended December 31, 1994. The financial data as of March 31, 1995 and for the three months ended March 31, 1995 and 1994 was derived from American General's unaudited quarterly financial statements, which, in the opinion of management, include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the Company's results of operations and financial position. The results of operations for the three months ended March 31, 1995 are not necessarily indicative of results to be anticipated for the entire year. The table should be read in conjunction with "Management's Discussion and Analysis of American General" herein and the consolidated financial statements and the related notes incorporated herein by reference.

(IN MILLIONS, EXCEPT PER SHARE DATA)

Operating Results and Per Share Data

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,				
	1995	1994	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$ 1,518	\$ 1,214	\$ 4,841	\$ 4,829	\$ 4,602	\$ 4,395	\$ 4,434
Business segment earnings							
Retirement Annuities.....	\$ 54	\$ 53	\$ 187	\$ 162	\$ 130	\$ 110	\$ 99
Consumer Finance.....	60	53	245	206	161	136	125
Life Insurance.....	84 (a)	64	257	(9) (b)	323	326	303
Total business segments.....	198	170	689	359	614	572	527

Corporate operations							
Net interest on corporate debt.....	(27)	(19)	(76)	(81)	(85)	(87)	(119)
Expenses not allocated to segments...	(9)	(6)	(29)	(25)	(28)	(37)	(52)
Earnings on corporate assets.....	6	15	43	21	23	31	69
Net equity in WNC.....	6	-	-	-	-	-	-
Net realized investment gains (losses).....	1	1	(114) (c)	6	9	1	137 (d)
Total corporate operations.....	(23)	(9)	(176)	(79)	(81)	(92)	35
Income before cumulative effect and tax rate related adjustment.....	175	161	513	280	533	480	562
Tax rate related adjustment.....	-	-	-	(30)	-	-	-
Cumulative effect of accounting changes.....	-	-	-	(46)	-	-	-
Net income.....	\$ 175	\$ 161	\$ 513	\$ 204	\$ 533	\$ 480	\$ 562
Net income per share.....	\$.85	\$.75	\$ 2.45	\$.94 (b)	\$ 2.45	\$ 2.13	\$ 2.35
Dividends per share.....	\$.31	\$.29	\$ 1.16	\$ 1.10	\$ 1.04	\$ 1.00	\$.79 (e)

</TABLE>

Financial Position and Book Value Per Share

<TABLE>
<CAPTION>

	MARCH 31, 1995	DECEMBER 31,				
	1994	1993	1992	1991	1990	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Assets.....	\$ 55,667 (f)	\$ 46,295 (g)	\$ 43,982 (g)	\$ 39,742	\$ 36,105	\$ 33,808
Debt (including short-term)						
Corporate.....	2,359	1,475	1,257	1,371	1,391	1,555
Real Estate.....	349	361	429	616	590	498
Consumer Finance.....	7,261	7,090	5,843	5,484	5,243	5,096
Redeemable equity.....	47	47	-	-	-	296
Shareholders' equity.....	4,422 (f)	3,457 (g)	5,137 (g)	4,616	4,329	4,138
Book value per share.....	21.77 (f)	17.05 (g)	23.96 (g)	21.33	19.86	18.57

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(a) Includes two months of operations for AFC, which was acquired January 31, 1995.

(b) Includes \$300 million write-down of goodwill. See "Management's Discussion and Analysis of American General -- For the Three Years Ended December 31, 1994 -- Significant Events -- 1993 Significant Events" herein and Note 1.7 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.

(c) Results primarily from the capital gains offset program. See "Management's Discussion and Analysis of American General -- for the Three Years Ended December 31, 1994 -- Significant Events -- Capital Gains Offset Program."

(d) Results primarily from the sale of substantially all of the common stock portfolio.

(e) Excludes special dividends of \$.61 per share.

(f) Includes \$172 million, \$106 million, and \$.52 decrease in assets, shareholders' equity, and book value per share, respectively, due to the effect of SFAS 115. See "Management's Discussion and Analysis of American General -- For the Three Months Ended March 31, 1995 -- Investments."

(g) Includes \$986 million, \$950 million, and \$4.65 decrease in assets, shareholders' equity, and book value per share, respectively, at December 31, 1994, and \$1.0 billion, \$676 million, and \$3.14 increase in assets, shareholders' equity, and book value per share, respectively, at December 31, 1993, due to the effect of SFAS 115. See "Management's Discussion and Analysis of American General -- For the Three Years Ended December 31, 1994 -- Significant Events -- Effect of SFAS 115" herein and Note 1.2 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.

SUMMARY PRO FORMA FINANCIAL INFORMATION OF AMERICAN GENERAL

The following table presents summary consolidated (i) unaudited pro forma financial information, (ii) unaudited historical financial information as of and for the three months ended March 31, 1995, and (iii) historical financial information as of and for the year ended December 31, 1994 derived from American General's audited financial statements. The table should be read in conjunction with "Pro Forma Financial Information of American General" and "Management's Discussion and Analysis of American General" herein, and the consolidated financial statements and the related notes incorporated herein by reference. The results of operations for the three months ended March 31, 1995 are not necessarily indicative of results to be anticipated for the entire year.

(IN MILLIONS, EXCEPT PER SHARE DATA)

Operating Results and Per Share Data

<TABLE>

<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,	
	PRO FORMA 1995 (A)	1995	PRO FORMA 1994 (B)	1994
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$ 1,599	\$ 1,518	\$ 5,924	\$ 4,841
Business segment earnings				
Retirement Annuities.....	\$ 54	\$ 54	\$ 187	\$ 187
Consumer Finance.....	60	60	245	245
Life Insurance.....	93	84 (c)	360	257
Total business segments.....	207	198	792	689
Corporate operations				
Net interest on corporate debt.....	(29)	(27)	(113)	(76)
Net dividends on preferred stock of subsidiary.....	(4)	-	(14)	-
Expenses not allocated to segments.....	(9)	(9)	(29)	(29)
Earnings on corporate assets.....	6	6	44	43
Net equity in WNC.....	6	6	19	-
Net realized investment gains (losses).....	1	1	(114)	(114) (d)
Total corporate operations.....	(29)	(23)	(207)	(176)
Net income.....	\$ 178	\$ 175	\$ 585	\$ 513
Net income per share.....	\$.87	\$.85	\$ 2.79	\$ 2.45
Dividends per share.....	\$.31	\$.31	\$ 1.16	\$ 1.16

</TABLE>

Financial Position and Book Value Per Share

<TABLE>

<CAPTION>

	MARCH 31,		DECEMBER 31,
	PRO FORMA 1995 (E)	1995	1994
<S>	<C>	<C>	<C>
Assets.....	\$ 55,667 (f)	\$ 55,667 (f)	\$ 46,295 (g)
Debt (including short-term)			
Corporate.....	2,117	2,359	1,475

Real Estate.....	349	349	361
Consumer Finance.....	7,261	7,261	7,090
Preferred stock of subsidiary.....	242	-	-
Redeemable equity.....	47	47	47
Shareholders' equity.....	4,422 (f)	4,422 (f)	3,457 (g)
Book value per share.....	21.77 (f)	21.77 (f)	17.05 (g)

</TABLE>

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- (a) Assuming the AFC acquisition and proposed permanent financing had been effective as of January 1, 1994. See "Pro Forma Financial Information of American General."
- (b) Assuming the AFC and WNC acquisitions and the proposed AFC permanent financing had been effective as of January 1, 1994. See "Pro Forma Financial Information of American General."
- (c) Includes two months of operations for AFC, which was acquired January 31, 1995.
- (d) Results primarily from the capital gains offset program. See "Management's Discussion and Analysis of American General -- For the Three Years Ended December 31, 1994 -- Significant Events -- Capital Gains Offset Program."
- (e) Reflects the proposed permanent financing of the AFC acquisition as though it occurred on March 31, 1995. See "Pro Forma Financial Information of American General."
- (f) Includes \$172 million, \$106 million, and \$.52 decrease in assets, shareholders' equity, and book value per share, respectively, due to the effect of SFAS 115. See "Management's Discussion and Analysis of American General -- For the Three Months Ended March 31, 1995 -- Investments."
- (g) Includes \$986 million, \$950 million, and \$4.65 decrease in assets, shareholders' equity, and book value per share, respectively, at December 31, 1994, and \$1.0 billion, \$676 million, and \$3.14 increase in assets, shareholders' equity, and book value per share, respectively, at December 31, 1993, due to the effect of SFAS 115. See "Management's Discussion and Analysis of American General -- For the Three Years Ended December 31, 1994 -- Significant Events -- Effect of SFAS 115" herein and Note 1.2 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.

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INVESTMENT CONSIDERATIONS

Prospective purchasers of Series A Preferred Securities should carefully review the information contained elsewhere in this Prospectus Supplement and the accompanying Prospectus and should particularly consider the following matters:

SUBORDINATE OBLIGATIONS UNDER GUARANTEE AND SERIES A JUNIOR SUBORDINATED DEBENTURES

American General Delaware's ability to pay amounts due on the Series A Preferred Securities is solely dependent upon its receipt of payments from American General on the Series A Junior Subordinated Debentures as and when required. American General's obligations under the Series A Junior Subordinated Debentures are subordinate and junior in right of payment to all Senior Indebtedness of American General. American General's obligations under the Guarantee are subordinate to all other liabilities of American General except for certain other guarantees executed by American General. The Guarantee will rank pari passu with the most senior preferred stock issued by American General. As of March 31, 1995, American General had approximately \$2.8 billion of Senior Indebtedness outstanding. There are no terms in the Series A Preferred Securities, the Series A Junior Subordinated Debentures, the Junior Subordinated Indenture (as defined in the accompanying Prospectus) or the Guarantee that limit American General's ability to incur additional indebtedness, including indebtedness that ranks senior to the Series A Junior Subordinated Debentures and the Guarantee, or the ability of its subsidiaries to incur additional indebtedness. In addition, because American General is a holding company, rights to participate in any distribution of assets of any subsidiary upon its

liquidation or reorganization or otherwise (and thus the ability of holders of Series A Junior Subordinated Debentures and, to the extent of the Guarantee, the holders of Series A Preferred Securities, to benefit indirectly from such distribution) are subject to the prior claims of creditors of that subsidiary, except to the extent that American General may itself be a creditor of that subsidiary. Claims on American General's subsidiaries by other creditors include substantial claims for policy benefits and debt obligations, as well as other liabilities incurred in the ordinary course of business. In addition, since many of American General's subsidiaries are insurance companies subject to regulatory control by various state insurance departments, the ability of such subsidiaries to pay dividends to American General without prior regulatory approval is limited by applicable laws and regulations. Furthermore, certain non-insurance subsidiaries are restricted in their ability to make dividend payments by long-term debt agreements. At December 31, 1994, the amount available to American General for dividends from subsidiaries not limited by such restrictions was \$1.1 billion.

The Guarantee guarantees payment to the holders of the Series A Preferred Securities of accumulated and unpaid monthly dividends (but only if and to the extent declared by American General Delaware), amounts payable on redemption and amounts payable upon the liquidation, dissolution or winding-up of American General Delaware. In each case, however, such amount is guaranteed only to the extent that American General Delaware has funds on hand legally available therefor and payment thereof does not otherwise violate applicable law. If American General were to default on its obligation to pay interest or amounts payable on redemption or maturity of the Series A Junior Subordinated Debentures, American General Delaware would lack legally available funds for the payment of dividends or amounts payable on redemption of the Series A Preferred Securities, and in such event holders of the Series A Preferred Securities would not be able to rely upon the Guarantee for payment of such amounts. Upon the liquidation, dissolution or winding-up of American General, its obligations under the Guarantee would rank junior to all of its other liabilities (other than certain other guarantees) and, therefore, funds may not be available for payment under the Guarantee. See "Description of the Guarantees" and "Description of the Junior Subordinated Debentures -- Subordination" in the accompanying Prospectus.

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OPTION TO EXTEND INTEREST PAYMENT PERIOD (DEFERRAL OF DIVIDENDS ON SERIES A PREFERRED SECURITIES)

American General has the right to extend the interest payment period on the Series A Junior Subordinated Debentures from time to time to a period not exceeding 60 consecutive months, in which event monthly dividend payments on the Series A Preferred Securities by American General Delaware would be deferred but would continue to accumulate monthly and Additional Dividends, intended to provide monthly compounding on dividend arrearages, would also accumulate. Prior to the termination of any Extension Period of less than 60 consecutive months, American General may further extend the interest payment period as long as such Extension Period, as further extended, does not exceed 60 consecutive months and does not extend beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all accrued and unpaid interest (including compounded interest), American General may select a new Extension Period, subject to the preceding sentence. No interest will be due during an extended interest payment period until the end of such period. During any Extension Period, American General may not declare or pay any dividend on, and, subject to certain exceptions, American General may not, and American General may not permit any of its majority-owned subsidiaries to, redeem, purchase, acquire or make a liquidation payment with respect to, any of American General's capital stock or make any guarantee payments with respect to the foregoing. See "Description of the Series A Junior Subordinated Debentures -- Option to Extend Interest Payment Period."

TAX CONSIDERATIONS OF EXTENDED INTEREST PAYMENT PERIOD (DEFERRAL OF DIVIDENDS ON SERIES A PREFERRED SECURITIES)

If an extension of an interest payment period occurs, American General Delaware, except in very limited circumstances, would continue to accrue income for United States federal income tax purposes, which would be allocated, but no corresponding amount of cash would be distributed, to holders of record of Series A Preferred Securities. As a result, such holders would be required to include such interest in gross income for United States federal income tax purposes in advance of the receipt of cash and would not receive the cash dividend related to such income from American General Delaware if such a holder disposed of its Series A Preferred Securities prior to the record date for payment of dividends. See "Certain Federal Income Tax Considerations -- Original Issue Discount."

At any time after the occurrence of a Special Event, American General Delaware (subject to the prior consent of American General) may exchange, in whole but not in part, the Series A Preferred Securities for Series A Junior Subordinated Debentures having an aggregate principal amount and accrued and unpaid interest equal to the aggregate liquidation preference and accumulated and unpaid dividends (including Additional Dividends), respectively, of the Series A Preferred Securities. Under current United States federal income tax law, such an exchange would not be a taxable event to holders of Series A Preferred Securities unless the relevant Special Event is a Tax Event which causes American General Delaware to be treated as an association taxable as a corporation. In such case, an exchange of Series A Preferred Securities for Series A Junior Subordinated Debentures may be a taxable event to holders of the Series A Preferred Securities. See "Description of the Series A Preferred Securities -- Special Event Exchange for Series A Junior Subordinated Debentures" and "Certain Federal Income Tax Considerations -- Exchange of Series A Preferred Securities for Series A Junior Subordinated Debentures."

TAX CONSIDERATIONS OF AN EXCHANGE FOR AMERICAN GENERAL SERIES A PREFERRED STOCK

In the event of a deferral of monthly dividends on the Series A Preferred Securities for more than 15 consecutive months, the holders of a majority of the aggregate liquidation preference of the

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Series A Preferred Securities then outstanding may cause the exchange of all of the Series A Preferred Securities for shares of American General Series A Preferred Stock. For a discussion of certain of the tax consequences of such an exchange to holders, including the possibility that holders who exchange their Series A Preferred Securities for American General Series A Preferred Stock may be subject to additional income tax to the extent accrued but unpaid interest on the Series A Junior Subordinated Debentures is converted into accumulated and unpaid dividends on the American General Series A Preferred Stock received in exchange for the Series A Preferred Securities, see "Certain Federal Income Tax Considerations -- Exchange of Series A Preferred Securities for American General Stock."

EXPIRATION OF CONVERSION RIGHTS

On and after _____, American General Delaware may, subject to certain conditions, at its option, cause the conversion rights of holders of Series A Preferred Securities to expire, provided that American General Delaware is then current in the payment of dividends on the Series A Preferred Securities and the Current Market Price (as defined herein) of American General Common Stock has exceeded 120% of the then applicable conversion price of the Series A Preferred Securities for a specified period. A holder of Series A Preferred Securities will not be entitled to receive any payment or allowances for accumulated and unpaid dividends, whether or not in arrears, upon conversion thereof, unless the holder converts his Series A Preferred Securities into American General Common Stock between a dividend record date and the corresponding dividend payment date, in which case such holder will be entitled to receive the dividend payable on such dividend payment date. See "Description of the Series A Preferred Securities -- Conversion Rights."

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AMERICAN GENERAL CORPORATION

GENERAL

American General, with assets of \$56 billion and shareholders' equity of \$4.4 billion as of March 31, 1995, is the parent company of one of the nation's largest consumer financial services organizations. American General provides financial services directly to consumers, emphasizing personal service and frequent customer contact. American General's operating subsidiaries are leading providers of retirement annuities, consumer loans and life insurance. American General, headquartered in Houston, was incorporated as a general business corporation in Texas in 1980 and is the successor to American General Insurance Company, an insurance company incorporated in Texas in 1926. The principal executive offices of American General are located at 2929 Allen Parkway, Houston, Texas 77019-2155, and its telephone number is (713) 522-1111.

RETIREMENT ANNUITIES

Retirement Annuities represented 27% of the Company's segment earnings for the year ended December 31, 1994 and 27% for the three months ended March 31, 1995. The Variable Annuity Life Insurance Company ("VALIC"), American General's retirement annuity subsidiary with assets of \$23 billion as of March 31, 1995, is a leading provider of tax-deferred retirement plans and annuities to employees of educational, health care and other not-for-profit organizations. Based on assets of \$22 billion as of December 31, 1994, VALIC ranks as the 18th largest life insurance company in the United States.

VALIC markets products in 50 states and the District of Columbia to approximately 840,000 customers through a national network of approximately 800 sales representatives. These sales representatives are highly trained retirement specialists, providing personalized service to VALIC's customers.

VALIC currently holds among the strongest claims-paying ability ratings in the life insurance industry. Management believes that these ratings provide VALIC with a significant competitive advantage.

VALIC is committed to using advanced technologies to improve customer service. VALIC recently introduced a new product, Portfolio DirectorSM, which offers customers an array of 18 different investment options, as well as access to professional investment managers, in order to have more flexibility in creating a diversified retirement portfolio. VALIC has also introduced Portfolio OptimizerSM, an innovative software program developed exclusively for VALIC which helps customers allocate retirement funds among investment options.

VALIC's strategy for future growth is centered on increasing the size and effectiveness of its sales force in order to enter new geographic territories and further penetrate existing markets.

CONSUMER FINANCE

Consumer Finance represented 36% of the Company's segment earnings for the year ended December 31, 1994 and 30% for the three months ended March 31, 1995. American General Finance, Inc. and subsidiaries ("AGF"), with finance receivables of \$8.1 billion as of March 31, 1995, is a leading provider of consumer and home equity loans, credit cards and credit-related insurance to individuals. With more than three million customers and over 1,300 branch offices, AGF ranks among the nation's largest consumer finance organizations. AGF provides financing programs through approximately 20,000 retail merchants and offers personalized service through over 9,000 employees in 41 states, Puerto Rico and the U.S. Virgin Islands. AGF has traditionally focused on marketing to creditworthy, middle-income families with annual household incomes of \$25,000 to \$50,000 and with a head of household typically between the ages of 25 and 45.

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Management believes that AGF's competitive advantages are its large branch office network, improved technology, new market development and strong credit ratings. AGF's branch office network gives it a local presence in approximately 900 communities. AGF continually seeks to develop local markets. For example, AGF provides retail financing programs through approximately 20,000 merchants nationwide. This growing merchant base provides a flow of new business and represents AGF's largest source of new loan customers.

AGF's strategy for future growth is centered on growing the branch office customer base, further developing the retail dealer network and providing a wider array of financial products and services to its customers.

LIFE INSURANCE

Life Insurance represented 37% of the Company's segment earnings for the year ended December 31, 1994 and 43% for the three months ended March 31, 1995. American General's life insurance companies, with assets of \$22 billion as of March 31, 1995, provide traditional and interest-sensitive life insurance and both fixed and variable annuity products to nearly five million households throughout all 50 states, the District of Columbia and Canada. This large customer base is served principally by American General Life and Accident Insurance Company ("AGLA"), American General Life Insurance Company ("AGL"), and, since January 1995, The Franklin Life Insurance Company ("Franklin Life") (see "Recent Developments" below). The life insurance companies meet the financial security needs of individual consumers, business owners and customers of financial institutions, and offer personalized service through 14,000 sales representatives and general agents.

Management believes that specialization is the key to success in the highly competitive life insurance marketplace. Each of American General's life insurance companies specializes in serving a different market segment. AGLA concentrates on meeting the basic life insurance needs of families with incomes of less than \$50,000. AGL serves the estate planning needs of middle- and upper-income households. Franklin Life provides individual life insurance to middle-income households, primarily in the Midwest.

Management believes that the life insurance companies' competitive advantages are a strong market presence, financial strength and a commitment to personalized customer service. The life insurance companies' strategy for future growth centers on growing internally by increasing the size and productivity of the agency field force and externally by pursuing selective acquisitions.

RECENT DEVELOPMENTS

As of November 29, 1994, the Company signed a definitive agreement to acquire American Franklin Company ("AFC"), the holding company of Franklin Life, for \$1.17 billion. The transaction closed on January 31, 1995. The purchase price consisted of \$920 million in cash paid at closing and a \$250 million dividend paid by AFC to its former parent prior to closing. This acquisition was accounted for using the purchase method. Beginning with the first quarter of 1995, Franklin Life was reported as part of the Life Insurance segment, increasing that segment's assets and life insurance in force by approximately 45% and 35%, respectively. Franklin Life was acquired to complement American General's existing life insurance distribution systems and further strengthen the Company's position in middle-income households, particularly in the Midwest.

On December 23, 1994, the Company acquired a 40% interest in Western National Corporation ("WNC") through the acquisition of 24,947,500 shares of WNC's common stock for \$274 million in cash. The acquisition was reflected in the Company's 1994 consolidated financial statements using the equity method of accounting. The Company's equity in the operating results of WNC for the period from the acquisition date to December 31, 1994 did not have a material impact on the Company's 1994 consolidated results of operations. The shares of WNC were acquired for investment purposes.

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For additional information regarding these transactions, see "Pro Forma Financial Information of American General."

AMERICAN GENERAL DELAWARE, L.L.C.

American General Delaware, L.L.C. is a limited liability company formed in March 1995 under the laws of the State of Delaware. American General and American General Delaware Management Corporation, a wholly-owned subsidiary of American General, own all of the common limited liability company interests (the "Common Securities") of American General Delaware, which securities are nontransferable. American General Delaware is managed by American General Delaware Management Corporation, as manager (the "Manager"), in accordance with the Amended and Restated Limited Liability Company Agreement of American General Delaware (the "LLC Agreement"). American General Delaware exists solely for the purpose of issuing Preferred Securities and Common Securities and investing 99% of the proceeds thereof in Junior Subordinated Debentures. The remaining 1% of such proceeds will be invested in Eligible Investments (as defined in the LLC Agreement). See "Use of Proceeds." American General Delaware's principal executive offices are located c/o American General Delaware Management Corporation at 2099 South Dupont Avenue, Dover, Delaware 19901, and its telephone number at such address is (302) 697-1912.

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CAPITALIZATION

The following table sets forth the consolidated short-term debt and capitalization of American General as of March 31, 1995, as adjusted to reflect the proposed permanent financing of the AFC acquisition, and as further adjusted to reflect the application of the estimated net proceeds from the sale of the Series A Preferred Securities (assuming the Underwriters' over-allotment option

is not exercised). See "Pro Forma Financial Information of American General" and "Use of Proceeds."

<TABLE>
<CAPTION>

MARCH 31, 1995			
(UNAUDITED) (IN MILLIONS)	HISTORICAL	PRO FORMA, REFLECTING AFC	PRO FORMA, ADJUSTED FOR
		FINANCING (A)	OFFERING (B)
<S>	<C>	<C>	<C>
Short-term debt			
Corporate.....	\$ 1,375	\$ 685	\$ 685
Real Estate.....	349	349	
Consumer Finance.....	2,498	2,498	2,498
Total short-term debt.....	\$ 4,222	\$ 3,532	\$
Long-term debt			
Corporate.....	\$ 984	\$ 1,432	\$ 1,432
Consumer Finance.....	4,763	4,763	4,763
Total long-term debt.....	5,747	6,195	6,195
Preferred stock of subsidiaries.....	-	242	
Common stock subject to put contracts.....	47	47	47
Shareholders' equity			
Common stock.....	365	365	365
Net unrealized gains (losses) on securities(c).....	(84)	(84)	(84)
Retained earnings.....	4,606	4,606	4,606
Cost of treasury stock.....	(465)	(465)	(465)
Total shareholders' equity.....	4,422	4,422	4,422
Total capitalization (excluding short-term debt).....	\$ 10,216	\$ 10,906	\$

</TABLE>

- - - - -

(a) Reflects the proposed permanent financing of the AFC acquisition as though it occurred on March 31, 1995. Such proposed permanent financing includes an offering of 10,000,000 % Cumulative Monthly Income Preferred Securities, Series A (liquidation preference \$25 per security) of American General Capital, L.L.C. (excluding any underwriters' over-allotment option), which is expected to be made at or about the same time as the Offering made hereby. The closing of the Offering is not contingent on the closing of such offering by American General Capital, L.L.C. See "Pro Forma Financial Information of American General."

(b) Reflects the Offering and related reduction in short-term real estate debt.

(c) Includes a \$106 million unrealized loss at March 31, 1995, due to the effect of SFAS 115. See "Management's Discussion and Analysis of American General -- For the Three Months Ended March 31, 1995 -- Investments."

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RATIO OF EARNINGS TO COMBINED FIXED CHARGES

AND PREFERRED STOCK DIVIDENDS

The following table sets forth the historical and pro forma ratios of earnings to combined fixed charges and preferred stock dividends for the periods indicated.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,	
	-----		-----	
	PRO FORMA 1995 (A)	1995	PRO FORMA 1994 (B)	1994
	-----	----	-----	----
<S>	<C>	<C>	<C>	<C>
Ratio of earnings to combined fixed charges and preferred stock dividends:				
Consolidated operations.....	2.5	2.5	2.4	2.4
Consolidated operations, corporate (parent company) fixed charges and preferred stock dividends only.....	6.4	7.6	5.6	7.6

</TABLE>

- -----

(a) Assuming the AFC acquisition and proposed permanent financing had been effective as of January 1, 1994. See "Pro Forma Financial Information of American General."

(b) Assuming the AFC and WNC acquisitions and the proposed AFC permanent financing had been effective as of January 1, 1994. See "Pro Forma Financial Information of American General."

The pro forma ratios of earnings to combined fixed charges and preferred stock dividends do not include the effect of the Offering. If the effect of the Offering was included, the above pro forma ratios are not expected to change by more than 10%.

USE OF PROCEEDS

American General Delaware will invest the proceeds received from the sale of the Series A Preferred Securities in the Series A Junior Subordinated Debentures of American General. After paying the Underwriters' Compensation and other expenses associated with the Offering, American General will use the net proceeds of approximately \$ (approximately \$ if the Underwriters' over-allotment option is exercised in full) to repay short-term real estate debt. At , 1995, the blended interest rate on American General's short-term real estate debt was % per annum.

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MARKET PRICES OF AMERICAN GENERAL COMMON STOCK AND DIVIDENDS

The American General Common Stock is listed on the NYSE and Pacific, London and Swiss stock exchanges. The following table sets forth, for the periods indicated, the reported high and low sale prices of the American General Common Stock on the NYSE Composite Tape and the respective cash dividends paid per share of American General Common Stock:

<TABLE>
<CAPTION>

	HIGH	LOW	PER SHARE CASH DIVIDENDS PAID
	-----	-----	-----
<S>	<C>	<C>	<C>
1993			
1st Quarter.....	\$ 32.88	\$ 27.31	\$.275
2nd Quarter.....	33.25	27.75	.275
3rd Quarter.....	36.50	30.13	.275
4th Quarter.....	34.75	26.25	.275
1994			
1st Quarter.....	\$ 29.63	\$ 25.50	\$.29
2nd Quarter.....	29.38	24.88	.29
3rd Quarter.....	30.50	26.88	.29
4th Quarter.....	28.88	25.63	.29
1995			

1st Quarter..... \$ 33.25 \$ 27.50 \$.31
2nd Quarter (through May , 1995).....
</TABLE>

The closing price of the American General Common Stock on the NYSE Composite Tape on May 9, 1995 was \$33 3/8.

American General has paid cash dividends on the American General Common Stock in each year since 1929. American General currently pays cash dividends quarterly at an annual rate of \$1.24 per share. Future payment of dividends on the American General Common Stock will depend on earnings, financial condition, capital requirements and other relevant factors. Because American General is a holding company, its capacity to pay dividends is limited by the ability of its subsidiaries to pay dividends. Since many of American General's subsidiaries are insurance companies subject to regulatory control by various state insurance departments, the ability of such subsidiaries to pay dividends to American General without prior regulatory approval is limited by applicable laws and regulations. Furthermore, certain non-insurance subsidiaries are restricted in their ability to make dividend payments by long-term debt agreements. See "Investment Considerations -- Subordinate Obligations Under Guarantee and Series A Junior Subordinated Debentures." At December 31, 1994, the amount available to American General for dividends from subsidiaries not limited by such restrictions was \$1.1 billion.

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SELECTED FINANCIAL INFORMATION OF AMERICAN GENERAL

The following table presents selected consolidated financial information from American General's audited financial statements for the five years ended December 31, 1994. The financial data as of and for the three months ended March 31, 1995 and 1994 has been derived from American General's unaudited quarterly financial statements, which, in the opinion of management, include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the Company's results of operations and financial position. The results of operations for the three months ended March 31, 1995 are not necessarily indicative of results to be anticipated for the entire year. The table should be read in conjunction with "Management's Discussion and Analysis of American General" herein and the consolidated financial statements and the notes thereto incorporated herein by reference.

(IN MILLIONS, EXCEPT PER SHARE DATA)

Operating Results and Per Share Data

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,				
	1995 (A)	1994	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Premiums and other considerations.....	\$ 403	\$ 289	\$ 1,210	\$ 1,252	\$ 1,213	\$ 1,168	\$ 1,154
Net investment income.....	722	621	2,493	2,437	2,327	2,178	2,064
Finance charges.....	359	281	1,248	1,083	994	977	946
Realized investment gains (losses).....	2	3	(172) (b)	8	18	8	216 (c)
Equity in earnings of WNC.....	9	-	-	-	-	-	-
Other.....	23	20	62	49	50	64	54
Total revenues.....	1,518	1,214	4,841	4,829	4,602	4,395	4,434
Insurance and annuity benefits.....	693	539	2,224	2,311	2,198	2,065	1,868
Operating costs and expenses.....	317	258	1,075	970	986	950	1,005
Provision for finance receivable losses.....	72	43	214	163	135	137	118
Write-down of acquisition-related goodwill.....	-	-	-	300 (d)	-	-	-
Interest expense							
Corporate.....	39	28	110	108	116	132	175
Consumer Finance.....	125	93	416	375	392	433	432
Total benefits and expenses.....	1,246	961	4,039	4,227	3,827	3,717	3,598
Income before income tax expense and cumulative effect							

of accounting changes.....	272	253	802	602	775	678	836
Income tax expense							
Excluding tax rate related adjustment.....	97	92	289	322	242	198	274
Tax rate related adjustment.....	-	-	-	30	-	-	-
Total income tax expense.....	97	92	289	352	242	198	274
Income before cumulative effect of accounting changes.....	175	161	513	250	533	480	562
Cumulative effect of accounting changes.....	-	-	-	(46)	-	-	-
Net income.....	\$ 175	\$ 161	\$ 513	\$ 204	\$ 533	\$ 480	\$ 562
Net income per share.....	\$.85	\$.75	\$ 2.45	\$.94 (e)	\$ 2.45	\$ 2.13	\$ 2.35
Dividends per share.....	\$.31	\$.29	\$ 1.16	\$ 1.10	\$ 1.04	\$ 1.00	\$.79 (f)

</TABLE>

Financial Position and Book Value Per Share

<TABLE>

<CAPTION>

	MARCH 31,		DECEMBER 31,				
	1995	1994	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets.....	\$55,667 (g)	\$44,281 (g)	\$46,295 (h)	\$43,982 (h)	\$39,742	\$36,105	\$33,808
Debt (including short-term)							
Corporate.....	2,359	1,354	1,475	1,257	1,371	1,391	1,555
Real Estate.....	349	412	361	429	616	590	498
Consumer Finance.....	7,261	5,947	7,090	5,843	5,484	5,243	5,096
Redeemable equity.....	47	-	47	-	-	-	296
Shareholders' equity.....	4,422 (g)	4,593 (g)	3,457 (h)	5,137 (h)	4,616	4,329	4,138
Book value per share.....	21.77 (g)	21.74 (g)	17.05 (h)	23.96 (h)	21.33	19.86	18.57

</TABLE>

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(a) Includes two months of operations for AFC, which was acquired January 31, 1995.

(b) Results primarily from the capital gains offset program. See "Management's Discussion and Analysis of American General -- For the Three Years Ended December 31, 1994 -- Significant Events -- Capital Gains Offset Program."

(c) Results primarily from the sale of substantially all of the common stock portfolio.

(d) See "Management's Discussion and Analysis of American General -- For the Three Years Ended December 31, 1994 -- Significant Events -- 1993 Significant Events" herein and Note 1.7 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.

(e) Includes \$300 million write-down of goodwill. See (d) above.

(f) Excludes special dividends of \$.61 per share.

(g) Includes \$172 million, \$106 million, and \$.52 decrease in assets, shareholders' equity, and book value per share, respectively, at March 31, 1995, and \$195 million, \$126 million, and \$.59 increase in assets, shareholders' equity, and book value per share, respectively, at March 31, 1994, due to the effect of SFAS 115. See "Management's Discussion and Analysis of American General -- For the Three Months Ended March 31, 1995 -- Investments."

(h) Includes \$986 million, \$950 million, and \$4.65 decrease in assets, shareholders' equity, and book value per share, respectively, at December 31, 1994, and \$1.0 billion, \$676 million, and \$3.14 increase in assets, shareholders' equity, and book value per share, respectively, at December 31, 1993, due to the effect of SFAS 115. See "Management's Discussion and Analysis of American General -- For the Three Years Ended December 31, 1994 -- Significant Events -- Effect of SFAS 115" herein and Note 1.2 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL

American General's Management's Discussion and Analysis for the three years ended December 31, 1994 and the three months ended March 31, 1995, set forth below, should be read in conjunction with American General's consolidated financial statements within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, and within American General's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995, incorporated herein by reference.

FOR THE THREE YEARS ENDED DECEMBER 31, 1994

American General is one of the nation's largest consumer financial services organizations, with assets of \$46 billion and shareholders' equity of \$3.5 billion at December 31, 1994. The Company provides retirement annuities, consumer loans, and life insurance products to more than seven million households throughout the United States, Canada, Puerto Rico, and the U.S. Virgin Islands.

American General reported net income of \$513 million (\$2.45 per share) in 1994, compared to \$204 million (\$.94 per share) in 1993 and \$533 million (\$2.45 per share) in 1992. Reducing 1994 net income were \$114 million of net realized investment losses arising from the Company's capital gains offset program and increases in real estate reserves. The 1993 net income was decreased by \$376 million of adjustments for the write-down of goodwill, accounting changes, and a tax charge. The 1992 net income reflected normal operations and did not include the unusual reductions that occurred in 1994 and 1993.

SIGNIFICANT EVENTS

The following events of 1994 and 1993 significantly affected or will affect American General's financial condition and results of operations.

Acquisitions and Divestitures

As of November 29, 1994, the Company signed a definitive agreement to acquire Franklin Life for \$1.17 billion. The transaction to purchase Franklin Life and its parent company, AFC, closed on January 31, 1995. The purchase price consisted of \$920 million in cash paid at closing and a \$250 million dividend paid by AFC to its former parent prior to closing. This acquisition was accounted for using the purchase method. Beginning with the first quarter of 1995, Franklin Life was reported as part of the Life Insurance segment, increasing that segment's assets and life insurance in force by approximately 45% and 35%, respectively. The permanent financing of this acquisition will be finalized in 1995 and is expected to consist of a mix of short-term floating-rate debt, long-term fixed-rate debt, and preferred stock. Franklin Life was acquired to complement American General's existing life insurance distribution systems and further strengthen the Company's position in middle-income households, particularly in the Midwest.

On December 23, 1994, the Company acquired a 40% interest in WNC through the acquisition of 24,947,500 shares of WNC's common stock for \$274 million in cash. The acquisition was reflected in the 1994 financial statements using the equity method of accounting. The Company's equity in the operating results of WNC for the period subsequent to the acquisition did not have a material impact on 1994 results of operations. The shares of WNC were acquired for investment purposes.

These two acquisitions and related financings are expected to increase earnings per share in 1995.

On August 31, 1994, the Company completed the sale of American-Amicable Life Insurance Company of Texas ("American-Amicable"), a special niche subsidiary in the Life Insurance segment. The sales price, which included a \$10 million dividend paid prior to closing, was \$105 million.

On August 31, 1994, the Company also announced that it had ended discussions to sell Financial Life Assurance Company of Canada ("Financial Life") due to adverse developments in the Canadian life insurance market.

On August 2, 1994, the Company publicly announced a \$2.6 billion all-cash merger offer to acquire Unitrin, Inc. ("Unitrin"). Unitrin provides basic financial services, including insurance and consumer loans, to individuals and small businesses throughout the United States. Although this offer expired on February 7, 1995, American General continues to believe that a combination of Unitrin's operations with those of American General is in the best interests of the customers and shareholders of both companies, and continues to seek regulatory approval to purchase additional shares of Unitrin.

Effect of SFAS 115

American General adopted SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities," at December 31, 1993, and all fixed maturity and equity securities were classified as available-for-sale and recorded at fair value. SFAS 115 requires that the carrying value of most fixed maturity securities be adjusted for changes in market value, primarily caused by interest rates. However, the insurance liabilities supported by these securities are not adjusted under SFAS 115, thereby creating volatility in shareholders' equity as interest rates change. Therefore, care should be exercised in drawing conclusions based on balance sheet amounts that include the SFAS 115 effect. SFAS 115 does not affect results of operations.

Rising interest rates in 1994 caused decreases in bond values. As a result, the effect of the SFAS 115 adjustment for fixed maturity securities was to reduce shareholders' equity by \$1.6 billion during 1994.

The components of the fair value adjustment to report securities in accordance with SFAS 115 at December 31, and the 1994 change, were as follows:

<TABLE>

<CAPTION>

	(IN MILLIONS)	1994	1993	CHANGE
		-----	-----	-----
<S>		<C>	<C>	<C>
Fair value adjustment to fixed maturity securities...		\$ (1,387)	\$1,594	\$ (2,981)
Increase (decrease) in deferred policy acquisition costs.....		401	(554)	955
Decrease (increase) in deferred income taxes.....		351	(364)	715
Valuation allowance on deferred tax asset.....		(315)	-	(315)
		-----	-----	-----
Net unrealized gains (losses) on fixed maturity securities.....		(950)	676	(1,626)
Net unrealized gains (losses) on equity securities.....		15	33	(18)
		-----	-----	-----
Net unrealized gains (losses) on securities.....		\$ (935)	\$ 709	\$ (1,644)
		=====	=====	=====

</TABLE>

The fair value adjustment to fixed maturity securities recorded at December 31, 1994 generated a deferred tax asset of \$485 million. The Company believes that a portion of the deferred tax asset is realizable, since the Company has the ability to carryback \$418 million of future capital losses against prior years' capital gains (see "Capital Gains Offset Program" below). In addition, the Company may hold certain securities until maturity and, therefore, would not realize future losses on such investments. At December 31, 1994, since management determined that the remainder of the deferred tax asset may not be realized, a valuation allowance of \$315 million was provided.

Capital Gains Offset Program

During fourth quarter 1994, American General initiated a program to realize capital losses for tax purposes to offset prior period capital gains. The purpose of the program is to realize tax

refunds of approximately \$200 million. In conjunction with this program, the Company has realized net capital losses for tax purposes of \$136 million as of December 31, 1994, primarily through the sale of \$1.2 billion of fixed maturity securities. The Company received a tax refund of \$46 million in 1995 from the tax losses carried back to offset 1991 capital gains. This program reduced 1994 net income by approximately \$60 million.

Reinvestment of the sales proceeds in higher yielding fixed maturity securities and investment of the tax refunds are expected to increase future pretax investment income by approximately \$100 million over the next 10 years.

Additionally, the Company realized net capital gains of \$162 million and \$256 million in 1992 and 1993, respectively, that can be used for tax loss carryback purposes in 1995 and 1996. While the Company may generate capital losses in 1995 to offset the 1992 capital gains, the ability to realize such losses is dependent on future market conditions and alternative tax planning strategies. As of March 31, 1995, no additional losses were realized due to the decline in market interest rates.

Share Buyback Program

In 1994, the Company purchased 9.5 million shares of American General Common Stock at a cost of \$262 million, compared to 2.7 million shares and 2.0 million shares in 1993 and 1992, respectively. Share purchases under this program in 1994 increased 1994 earnings per share by \$.02. Purchases in 1993 had no significant impact on 1993 earnings per share, while 1992 purchases increased 1992 earnings per share by \$.01.

Since inception of the share buyback program in 1987, 97.1 million shares of American General Common Stock, or 32% of the total shares then outstanding, have been purchased for an aggregate cost of \$1.9 billion. The Company has suspended its share buyback program as a result of the previously discussed acquisition activity.

Derivatives

In 1994, derivative financial instruments received significant scrutiny by investors and regulators due to well-publicized losses by major companies. American General makes very limited use of derivative financial instruments to manage the cost of debt and investment transactions and does not use derivatives for speculative purposes.

1993 Significant Events

In 1993, the Company recorded a \$300 million non-cash write-down of acquisition-related goodwill in the Life Insurance segment. This write-down was one of the decisions resulting from a strategic review of the Company's four ordinary life insurance subsidiaries, primarily AGL, begun in 1993. The strategic review was initiated to assess alternatives for optimizing the use of capital allocated to these subsidiaries in light of increasing public market multiples for life insurance companies in early 1993 and new risk-based capital requirements facing the life insurance industry. While AGL had been profitable in recent years, it operated in increasingly competitive markets and its performance was not meeting management's expectations, particularly in comparison to the Company's other businesses.

In connection with the strategic review, the Company retained an outside advisor to assess AGL's market value, assuming the Company chose to sell AGL. The outside advisor's report, received on November 22, 1993, indicated that AGL's fair value was below its book value. This report, together with the marketing and profitability review performed by management, suggested an impairment of AGL's goodwill. The primary source of AGL's goodwill was the \$1.2 billion acquisition of the Gulf United insurance operations in 1984. Since that time, there had been a series

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of consolidations within the Company's ordinary life insurance operations. In addition, AGL's marketing focus gradually changed, causing a decline in the acquired agency force and its in force business. In the past several years, AGL's business mix also continued to shift from life insurance to annuities, which have different distribution systems and lower interest margins. Management concluded, based on the cumulative effect of these trends and the outside advisor's report, that a portion of goodwill was permanently impaired.

Following a special board of directors meeting on November 29, 1993, the Company announced the board's decision to retain AGL and a related New York subsidiary, seek future growth through acquisitions, sell the two special niche life insurance subsidiaries, and write down \$300 million of goodwill associated with the four subsidiaries. While the write-down resulted in a \$164 million net loss in fourth quarter 1993, it did not affect the Company's debt or claims-paying ability ratings and is not expected to have a material impact on future operating results.

In addition, the Company adopted new accounting standards as of January 1, 1993 that reduced 1993 net income by \$46 million. The Company also recorded a \$30 million charge to reflect the federal corporate income tax rate increase caused by the Revenue Reconciliation Act of 1993.

BUSINESS SEGMENTS

American General reports the results of its business operations in three segments: Retirement Annuities, Consumer Finance, and Life Insurance. To facilitate meaningful period-to-period comparisons, earnings of each segment include earnings from its business operations and earnings on that amount of equity considered necessary to support its business, and exclude net realized investment gains (losses), non-recurring items, and the effect of accounting changes. Segment earnings were as follows:

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994	1993	1992
	----	----	----
<S>	<C>	<C>	<C>
Retirement Annuities.....	\$187	\$162	\$130
Consumer Finance.....	245	206	161
Life Insurance.....	257	291	323
	----	----	----
Segment earnings.....	689	659	614
Non-recurring items.....	-	(329)	-
	----	----	----
Total.....	\$689	\$330	\$614
	=====	=====	=====

</TABLE>

Non-recurring items in 1993 included a \$300 million write-down of goodwill in the Life Insurance segment and a \$29 million charge due to the 1993 tax rate change.

Retirement Annuities

VALIC, American General's retirement annuity company, specializes in providing tax-deferred retirement plans and annuities to employees of not-for-profit organizations.

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Assets.....	\$22,007	\$20,896	\$17,673
Fixed deposits.....	1,657	1,700	1,630
Variable deposits.....	573	432	271
Revenues.....	1,537	1,470	1,358
Segment earnings.....	187	162	130

</TABLE>

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elements: asset growth, net interest margin, and operating expenses.

Asset growth (excluding the effect of SFAS 115) was 11% in 1994 and 15% in 1993. A key component of asset growth is new deposits from customers, who may elect fixed or variable account options. The strong growth in variable deposits and decline in fixed deposits are a result of the attractiveness of equity investments due to relatively low interest rates in 1993 and early 1994. In response to this trend, VALIC significantly expanded the variable investment options offered to its customers during 1994. The assets and liabilities related to these variable account options are reflected in Separate Account assets and liabilities because the customer bears the investment risk.

Revenues, over 97% of which are net investment income, increased as a result of growth in total assets, despite declines of 57 and 59 basis points in average investment yields on fixed accounts in 1994 and 1993, respectively. As a result of management's ability to make corresponding reductions in the rates credited to policyholders, the net interest margin increased 14 basis points in 1994 and 7 basis points in 1993.

The ratio of operating expenses to average assets was .57%, .59%, and .67% in 1994, 1993, and 1992, respectively. Operating expenses for 1994, 1993, and 1992 were increased by pretax charges of \$6 million, \$7 million, and \$12 million, respectively, for actual and anticipated assessments by state insurance guaranty associations.

Substantially all of this segment's business is tax-qualified retirement annuities, which generally experience lower withdrawal rates than non-qualified annuities. The rate of policyholder surrenders of fixed accounts increased to 4.9% of average reserves in 1994, compared to 3.9% in 1993 and 3.8% in 1992. The 1994 increase was due in part to the surrender of one large group account, as well as customers seeking higher returns in other equity-based investments.

Despite increased competition, especially from equity mutual funds, this segment should continue to experience asset growth, due to its leading market position, exclusive distribution system, and strong claims-paying ability ratings. By managing interest-crediting rates to reflect changing investment yields, the Company expects to maintain net interest margins within its pricing assumptions. As a result, earnings in this segment should continue to increase.

Consumer Finance

AGF offers consumer loans, home equity loans, retail sales financing, credit cards, and credit-related insurance products through a national network of 1,300 branch offices.

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Finance receivables.....	\$ 7,920	\$ 6,574	\$ 6,200
Finance receivable volume.....	6,978	5,408	4,362
Revenues.....	1,491	1,282	1,178
Segment earnings.....	245	206	161

</TABLE>

Principal influences on this segment's results include the aggregate amount and mix of finance receivables, credit loss experience, cost of borrowed funds, and operating expenses.

Finance receivables grew 20% in 1994 and 6% in 1993. The increase in finance receivables and finance receivable volume is primarily due to branch expansion and business development efforts in retail sales financing. A leading contributor to this growth has been private label products, which offer revolving financing services through large retail merchants. Growth in higher-yielding non-real

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estate consumer loans and retail receivables increased the yield on finance receivables by 63 and 21 basis points during 1994 and 1993, respectively.

As expected, growth in higher-yielding finance receivables influenced credit quality in 1994 and 1993. Delinquencies increased to 2.9% at December 31, 1994, compared to 2.5% and 2.2% for 1993 and 1992, respectively. Charge offs increased to 2.5% in 1994 from 2.2% in both 1993 and 1992, while the allowance for finance receivable losses increased to 2.9% of finance receivables at December 31, 1994, compared to 2.8% for 1993 and 2.6% for 1992.

Cost of borrowing for this segment declined 7 basis points in 1994 and 82 basis points in 1993, due to refinancing long-term debt at lower rates and the decline in market rates during 1993 and 1992.

Operating expenses increased 12% in 1994 and 3% in 1993, compared to growth in average finance receivables of 11% and 8% in 1994 and 1993, respectively. The increase in operating expenses reflected increased staffing and costs related to growth in branch offices, including 100 new branches opened in 1994, and a major branch office automation program, partially offset by increased deferrals of finance receivable origination costs.

Management expects to continue to increase the size of the finance receivable portfolio and to emphasize retail and higher-yielding non-real estate consumer loans. Revenues associated with this growth are expected to be partially offset by higher cost of borrowed funds and an increase in the provision for finance receivable losses. Overall, earnings in this segment should continue to increase.

Life Insurance

The Life Insurance segment includes AGLA, which emphasizes the sale and service of basic needs life insurance products, and AGL, which provides life insurance and annuity products for estate planning and capital accumulation needs. In January 1995, the Company acquired Franklin Life, which provides individual insurance and annuity products through an agency distribution system.

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Assets.....	\$14,156	\$14,192	\$13,328
Deposits			
Annuities.....	598	472	403
Life insurance.....	547	521	435
Revenues			
Premiums and other considerations.....	999	1,085	1,070
Net investment income.....	902	942	948
Life and annuity sales.....	859	697	595
Segment earnings.....	257	291	323

</TABLE>

Earnings for this segment have decreased due to declining investment yields and higher income taxes beginning in 1993. In addition, 1994 segment results excluded American-Amicable, which had earnings of \$8 million and \$9 million in 1993 and 1992, respectively, and was sold in August 1994.

The decline in net investment income is primarily a result of declining yields, partially offset by growth in assets (excluding the effect of SFAS 115). The average investment yield for the Life Insurance segment decreased to 8.6% in 1994, compared to 9.3% and 9.9% in 1993 and 1992,

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

respectively. The lower yields reflect significant prepayments of mortgage-backed securities and bond calls in 1992 and 1993, with reinvestment of proceeds at lower interest rates.

Premiums and other considerations include premiums on traditional life insurance and mortality, expense, and surrender charges on interest-sensitive products. The decrease in 1994 was primarily due to the sale of American-Amicable and the ceding of Medicare supplement business to another insurance company. The revenues ceded were largely offset by a related decrease

in benefit expense.

Annuity sales increased 37% to \$601 million in 1994, compared to an increase of 18% in 1993. The strong growth in annuity sales is primarily due to the successful introduction of a new variable product marketed through a network of financial institutions. Life sales, as measured by new annualized premiums, decreased 1% to \$258 million in 1994, compared to a 16% increase in 1993. The 1994 decrease was due to lower sales of traditional life insurance and the sale of American-Amicable.

Segment earnings were adversely affected by higher income taxes in 1994 and 1993, due to the loss of certain tax benefits which totaled \$29 million in 1992.

Excluding the acquisition of Franklin Life, management expects continued pressure on segment earnings in 1995. Despite continued increases in sales of annuity and other interest-sensitive products, net investment income is expected to decline as a result of lower investment yields. Including Franklin Life, segment earnings are expected to substantially increase in 1995.

ECONOMIC FACTORS

Interest Rates

The pricing and profit margins of the products and services offered by American General's operating subsidiaries are sensitive to interest rates. Fluctuations in interest rates also affect the economic value and duration of the assets and liabilities supporting these products and services. American General may respond to fluctuations in interest rates by adjusting interest-crediting rates, repricing products, and/or changing investment strategy. See the discussion of the Company's asset/liability management program below.

Competition

On January 18, 1995, the U.S. Supreme Court ruled that all national banks may compete with insurance companies in the sale of annuities. VALIC was the named plaintiff on behalf of the life insurance industry in the litigation (VALIC vs. NationsBank).

VALIC currently sells variable annuities to specialized markets for qualified retirement plans through NASD-licensed representatives. American General's life insurance companies sell annuities through their own agency distribution systems and through a network of financial institutions. As a result, the impact of the decision on American General's insurance operations is expected to be minimal.

Taxation

Tax laws affect not only the way American General is taxed but also the design of many of its products. Changes in tax laws or regulations could adversely affect operating results. The Revenue Reconciliation Act of 1993 increased the federal corporate tax rate by 1% and caused an increase in current taxes and a one-time increase in deferred income taxes, which together decreased net income by \$30 million in 1993.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

Regulation

Concerns about asset quality and capital adequacy of the insurance industry have resulted in increased scrutiny by insurance regulators. American General is not aware of any regulations or pending regulatory actions that would have a material effect on the Company's liquidity, capital resources, or operations.

On January 1, 1994, the National Association of Insurance Commissioners ("NAIC") adopted a risk-based capital ("RBC") formula that can be used to evaluate the adequacy of life insurance companies' statutory capital and surplus. The RBC formula specifies various weighting factors that are applied to financial balances or levels of activity of each company, based on the perceived degree of risk, to calculate RBC. The formula focuses on: (1) asset impairment risks, (2) insurance risks, (3) interest rate risks, and (4) general business risks. The "Company Action Level" RBC ratio ("RBC ratio") is determined by dividing a life insurance company's total adjusted capital by its calculated RBC.

Calculations at December 31, 1994, using the RBC formula, indicate that

each of the Company's Life Insurance and Retirement Annuities subsidiaries' total adjusted capital is equal to or greater than 250% of amounts required at the "Company Action Level."

The RBC requirements provide for four different levels of regulatory attention depending on an insurance company's RBC ratio. The "Company Action Level" is triggered if a company's RBC ratio is less than 100% but greater than or equal to 75%, or if a negative trend (as defined by the regulations) has occurred and the company's RBC ratio is less than 125%. At the "Company Action Level," a company must submit a comprehensive financial plan to the state insurance commissioner that discusses proposed corrective actions to improve its capital position. The "Regulatory Action Level" is triggered if a company's RBC ratio is less than 75% but greater than or equal to 50%. At the "Regulatory Action Level," the state insurance commissioner will perform a special examination of a company and issue an order specifying corrective actions that must be followed. The "Authorized Control Level" is triggered if a company's RBC ratio is less than 50% but greater than or equal to 35%. At this level, the state insurance commissioner may take any action it deems necessary, including placing the company under regulatory control. The "Mandatory Control Level" is triggered if a company's RBC ratio is less than 35%. At this level, the state insurance commissioner is required to place the company under its control.

Legal Contingencies

Two real estate subsidiaries of the Company were defendants in a lawsuit that alleged damages based on lost profits and related claims arising from certain loans and joint venture contracts. On July 16, 1993, a judgment was entered against the subsidiaries jointly for \$47.3 million in compensatory damages and against one of the subsidiaries for \$189.2 million in punitive damages. On September 17, 1993, a Texas state district court reduced the previously-awarded punitive damages by \$60.0 million, resulting in a reduced judgment in the amount of \$176.5 million plus post-judgment interest. An appeal on numerous legal grounds has been filed. The Company is continuing to contest the matter vigorously through the appeals process; and the Company believes, based on advice of legal counsel, that plaintiffs' claims are without merit. Accordingly, no provision has been made in the consolidated financial statements related to this contingency.

In April 1992, the Internal Revenue Service ("IRS") issued Notices of Deficiency in the amount of \$12.4 million for the 1977-1981 tax years of certain insurance subsidiaries. The basis of the dispute was the tax treatment of modified coinsurance agreements. The Company elected to pay all related assessments plus associated interest, totaling \$59 million. A claim for refund of tax and interest was disallowed by the IRS in January 1993. On June 30, 1993, a suit for refund was filed in the Court of Federal Claims. Trial is expected to occur in mid-1995. The Company believes that the

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

IRS's claims are without merit and is continuing to vigorously pursue refund of the amounts paid. Accordingly, no provision has been made in the consolidated financial statements related to this contingency.

American General and certain of its subsidiaries are defendants in various other lawsuits and proceedings arising in the normal course of business. Some of these lawsuits and proceedings arise in jurisdictions such as Alabama that permit punitive damages disproportionate to the actual damages alleged. Although no assurances can be given and no determination can be made at this time as to the outcome of any particular lawsuit or proceeding, American General and its subsidiaries believe that there are meritorious defenses for all of these claims and are defending them vigorously. The Company also believes that the total amounts that would ultimately be paid, if any, arising from these claims would have no material effect on the Company's consolidated results of operations and financial position.

Guaranty Associations

All 50 states have laws requiring solvent life insurance companies to pay assessments to state guaranty associations to protect the interests of policyholders of insolvent life insurance and annuity companies. A portion of these assessments can be recovered against the payment of future premium taxes; however, changes in state laws could decrease the amount available for recovery.

The amounts assessed American General's life insurance and annuity subsidiaries under such laws were \$16 million for 1994 and \$14 million each for 1993 and 1992. The assessments were reduced by \$6 million for 1994 and \$5 million each for 1993 and 1992, considered recoverable against future premium taxes. At year-end 1994, the accrued liability for anticipated unrecoverable assessments was \$21 million, compared to \$19 million for 1993 and \$17 million for 1992.

Environmental

American General's principal exposure to environmental regulation arises from its ownership of investment real estate. Probable costs related to environmental cleanup were estimated to be \$3 million at December 31, 1994 and March 31, 1995, and appropriate liabilities have been recorded to reflect these costs.

ASSET/LIABILITY MANAGEMENT

Objectives

Asset/liability management is performed on an ongoing basis for each of the Company's operating companies as well as on an aggregate basis. The primary objective of the Company's asset/liability management program is to maintain a reasonable balance in the durations of assets and liabilities to minimize the risk of inadequate liquidity, while achieving profitability objectives. An additional objective of the Consumer Finance segment's asset/liability management program is to manage the spread between the yield on finance receivables and borrowing costs.

Techniques -- Retirement Annuities and Life Insurance

The primary asset management technique used to maintain duration match in the Retirement Annuities and Life Insurance segments is to target new cash flows to meet specific duration objectives. To a lesser extent, portfolio restructuring actions are used to adjust asset durations. Cash flow testing of assets and liabilities is performed annually under multiple interest rate scenarios to evaluate the appropriateness of the Company's investment portfolios relative to the Company's insurance reserves. The Company's insurance reserves are supported by high-quality, low-risk investments, including primarily investment grade fixed maturity securities, mortgage-

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

backed securities, mortgage loans, and policy loans. Derivatives and off-balance-sheet transactions were not used for asset/liability management purposes during 1994, 1993, or 1992.

The primary liability management techniques used to target duration are product design features and product management, through periodic repricing of new products and adjustment of interest crediting rates on existing products where possible. The Company's insurance and annuity liabilities at December 31 were as follows:

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Retirement annuities.....	\$ 18,656	\$ 17,029	\$ 15,012
Traditional life.....	4,334	4,199	4,430
Interest-sensitive life.....	2,933	2,664	2,258

Other annuities.....	3,029	2,765	2,383
Other.....	671	582	653
	-----	-----	-----
Total insurance and annuity liabilities.....	\$ 29,623	\$ 27,239	\$ 24,736
	=====	=====	=====

</TABLE>

Approximately 80% of the insurance and annuity liabilities were subject to interest crediting adjustments in the three years ended December 31, 1994.

Techniques -- Consumer Finance

The Company funds its finance receivables with equity and a combination of fixed-rate debt, principally long-term, and floating-rate or short-term debt, principally commercial paper. The Company's mix of fixed-rate and floating-rate debt is a management decision based in part on the nature of the receivables being supported. The Company limits its exposure to market interest rate increases by fixing interest rates it pays for term periods. The primary means by which the Company accomplishes this is through the issuance of fixed-rate debt. On infrequent occasions, the Company has also used interest rate swap agreements and options on interest rate swap agreements to synthetically create fixed-rate debt by altering the nature of floating-rate debt, thereby limiting its exposure to interest rate movements.

Results -- Retirement Annuities and Life Insurance

The Company's asset/liability management program is designed to minimize the exposure of the Company's surplus to fluctuations in interest rates while ensuring adequate liquidity to meet liability cash flow requirements. Cash flow testing performed as of December 31, 1994 indicated that the Company's insurance subsidiaries would have future surplus after meeting their insurance obligations.

In addition, investment margins have been maintained in the Retirement Annuities segment. While investment margins on interest-sensitive products in the Life Insurance segment have been maintained, overall investment margins have declined because some large blocks of in force business have crediting rates that cannot be adjusted when the investment yields fluctuate. These overall investment margins are still within product pricing assumptions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

The average investment yield, interest crediting rate, and investment margin for the primary operating companies in the Retirement Annuities and Life Insurance segments for the years ended December 31 were as follows:

<TABLE>

<CAPTION>

	1994*	1993*	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
VALIC			
Investment yield.....	8.37%	8.94%	9.53%
Crediting rate.....	6.57	7.28	7.94
	-----	-----	-----
Investment margin.....	1.80%	1.66%	1.59%
	=====	=====	=====
AGLA			
Investment yield.....	8.97%	9.69%	10.15%
Crediting rate.....	6.78	6.93	7.15
	-----	-----	-----
Investment margin.....	2.19%	2.76%	3.00%
	=====	=====	=====
AGL			
Investment yield.....	8.05%	8.72%	9.61%
Crediting rate.....	5.91	6.20	6.75
	-----	-----	-----
Investment margin.....	2.14%	2.52%	2.86%
	=====	=====	=====

</TABLE>

* Excludes the effect of SFAS 115.

Growth in higher-yielding finance receivables and lower cost of borrowings have resulted in steady increases in the spread between yield and borrowing costs. The yield on finance receivables, cost of borrowings, and spread between yield and cost of borrowings for the years ended December 31 were as follows:

<TABLE> <CAPTION>			
	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Yield on finance receivables.....	17.58%	16.95%	16.74%
Cost of borrowings.....	6.60	6.67	7.49
	-----	-----	-----
Spread.....	10.98%	10.28%	9.25%
	=====	=====	=====
</TABLE>			

INVESTMENTS

At year-end 1994, American General's \$46 billion of assets included \$31 billion of investments, principally supporting insurance and annuity liabilities.

Fixed Maturity Securities

At year-end 1994, fixed maturity securities included \$14.3 billion of corporate bonds, \$10.0 billion of mortgage-backed securities, \$1.2 billion of bonds issued by governmental agencies, and \$156 million of preferred stocks with mandatory redemption provisions.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

The average credit rating of the fixed maturity securities was AA- at year-end 1994, 1993, and 1992. Average ratings by category at December 31, 1994 were as follows:

(IN MILLIONS)

<TABLE> <CAPTION>			
	FAIR VALUE	%	AVERAGE RATING
	-----	-----	-----
<S>	<C>	<C>	<C>
Investment grade.....	\$ 14,782	%58	A
Mortgage-backed.....	10,032	39	AAA
Below investment grade.....	886	3	BB-
	-----	-----	-----
Total fixed maturity securities.....	\$ 25,700	100%	AA-
	=====	=====	=====
</TABLE>			

Investment grade securities include bonds and preferred stock with mandatory redemption features and have credit ratings of BBB- or better.

Mortgage-backed securities ("MBSs") at December 31 were invested as follows:

(IN MILLIONS)

<TABLE> <CAPTION>			
	1994*	1993*	1992
	-----	-----	-----
<S>	<C>	<C>	<C>

CMOs.....	\$ 9,180	\$10,167	\$8,025
Pass-through securities.....	784	511	687
Commercial MBSS.....	68	-	-
	-----	-----	-----
Total MBSS.....	\$10,032	\$10,678	\$8,712
	=====	=====	=====

</TABLE>

* Includes the effect of SFAS 115.

Collateralized mortgage obligations ("CMOs") are purchased to diversify the portfolio risk characteristics from primarily corporate credit risk to a mix of credit and cash flow risk. The majority of the CMOs in the Company's investment portfolio have relatively low cash flow variability. In addition, virtually all CMOs in the portfolio have minimal credit risk because the underlying collateral is guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association. These CMOs offer stronger liquidity and higher yields than corporate debt securities of similar credit quality and expected average lives.

The principal risks inherent in holding CMOs (as well as mortgage-backed, pass-through securities and other MBSSs) are prepayment and extension risks arising from changes in market interest rates. In declining interest rate environments, the mortgages underlying the CMOs are prepaid more rapidly than anticipated, causing early repayment of the CMOs. In rising interest rate environments, the underlying mortgages are prepaid at a slower rate than anticipated, causing CMO principal repayments to be extended. Although early CMO repayments may result in acceleration of income from recognition of any unamortized discount, the proceeds typically are reinvested at lower current yields, resulting in a net reduction of future investment income. Proceeds from repayments of MBSSs decreased from \$2.7 billion in 1993 to \$1.8 billion in 1994. Repayment of a lower amount is expected in 1995.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

The Company manages this prepayment and extension risk by investing in CMO tranches that provide for greater stability of cash flows. The mix of CMO tranches at December 31 was as follows:

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994*	1993*	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Planned Amortization Class.....	\$7,006	\$ 6,516	\$2,484
Z (Accrual).....	821	933	1,231
Sequential.....	686	1,743	3,159
Target Amortization Class.....	656	952	961
Other.....	11	23	190
	-----	-----	-----
Total CMOs.....	\$9,180	\$10,167	\$8,025
	=====	=====	=====

</TABLE>

* Includes the effect of SFAS 115.

The Planned Amortization Class ("PAC") tranche is structured to provide more certain cash flows to the investor and therefore is subject to less prepayment and extension risk than other CMO tranches. In general, the Company's PACs are structured to provide average life stability for increases and decreases in interest rates of 100 to 200 basis points. PACs derive their stability from two factors: (1) early repayments are applied first to other tranches to preserve the PACs' originally scheduled cash flows as much as possible, and (2) cash flows applicable to other tranches are applied first to the PAC if the PACs' actual cash flows are received later than originally anticipated. To take advantage of PACs' lower prepayment and extension risks, the Company began purchasing more PACs and fewer other CMO tranches in early 1992. As interest rates continued to decline during 1992 and 1993, the majority of the proceeds received from early repayments were reinvested in additional PACs, causing PACs to account for 70% of total MBSSs at December 31, 1994.

The Z tranche (also known as the Accrual class) defers all interest to another class until that class is paid down, at which time accumulated interest and principal are paid to the Z tranche. The prepayment and extension risk associated with a Sequential tranche can vary as interest rates fluctuate, since this tranche is not supported by other tranches. The Target Amortization Class tranche has protection similar to PACs in decreasing interest rate environments,

but has minimal protection in increasing rate environments.

The majority of the Company's CMO portfolio is traded in the open market. As such, the Company obtains market prices from outside vendors. Any security price not received from the vendor is obtained from the originating broker or, in rare circumstances, is internally calculated.

Below investment grade securities include bonds and preferred stock with mandatory redemption provisions that have a credit rating below BBB-. Below investment grade bonds accounted for 2.8% of invested assets at year-end 1994, compared to 2.3% for 1993 and 2.5% for 1992. These percentages compare to the life insurance industry average of 3.8% at December 31, 1993, the latest date for which information is available. Net income from below investment grade bonds, including realized investment gains (losses), was \$50 million in 1994, compared to \$49 million in 1993 and \$40 million in 1992.

Bonds are deemed to be non-performing when the payment of interest is sufficiently uncertain as to preclude the accrual of interest. Non-performing bonds were 0.2% of total fixed maturity securities at year-end 1994 and 1993 and 0.5% at year-end 1992.

Mortgage Loans

Mortgage loans on real estate represented 8% of invested assets at December 31, 1994, down from 10% for 1993 and 13% for 1992. These declines reflect repayment of loans as a result of

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

declining interest rates in 1992 and 1993 and the Company's reduced emphasis on mortgage lending.

Mortgage loan information at December 31 was as follows:

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Commercial.....	\$2,656	\$2,997	\$3,453
Residential.....	84	133	303
Allowance for losses.....	(89)	(98)	(53)
	-----	-----	-----
Total mortgage loans.....	\$2,651	\$3,032	\$3,703
	=====	=====	=====
Foreclosures during the year.....	\$ 17	\$ 45	\$ 69
	=====	=====	=====
Allowance for losses.....	3.2%	3.1%	1.4%
	=====	=====	=====
Non-performing			
Delinquent (60+ days).....	3.0%	2.2%	3.1%
Restructured commercial loans.....	2.7	2.2	1.6
	-----	-----	-----
Total non-performing.....	5.7%	4.4%	4.7%
	=====	=====	=====

</TABLE>

The increase in the percentage allowance for losses, as well as the percentage of non-performing loans in 1994, is due to the overall decrease in the portfolio.

Otherwise performing commercial mortgage loans are placed on the Company's watch list if they are delinquent 30-59 days, the borrower is in bankruptcy, or the loan is determined to be undercollateralized. At year-end 1994, \$239 million of commercial mortgage loans were on the Company's watch list, compared to \$467 million at year-end 1993 and \$188 million at year-end 1992. The decrease in the watch list since 1993 is primarily due to improving collateral values during 1994. The increase in the watch list amount from 1992 to 1993 is primarily due to a more active portfolio review and a tightening of standards for the identification of loans to be placed on the watch list. The mortgage loan review process consists of a formal annual review and an ongoing monitoring process. The loan reviews include analysis of collateral operating information, debt coverage ratios, and tenant data. While the watch list loans may be predictive of higher non-performing loans in the future, American General does not anticipate a significant effect on operations, liquidity, or capital from these

loans.

Non-performing mortgage loans include loans delinquent 60 days or more and commercial loans that have been restructured. Non-performing mortgage loans totaled \$157 million at year-end 1994, compared to \$137 million and \$179 million at year-end 1993 and 1992, respectively. At year-end 1994, the average yield on restructured commercial mortgage loans was 7.9%.

At year-end 1994, 5.8% of the commercial mortgage loan portfolio was non-performing, up from 4.4% and 5.0% at year-end 1993 and 1992, respectively. This portfolio continues to outperform the life insurance industry averages for non-performing commercial mortgage loans, which were 13.0%, 13.9%, and 14.1% at year-end 1994, 1993, and 1992, respectively.

Policy Loans

Policy loans are policyholder borrowings against the cash surrender value of life insurance products that provide for cash accumulation benefits. Policy loans represented 4% of invested assets at year-end 1994, 1993, and 1992. Policy loan interest rates, which are contractually established, averaged 6.3% during 1994.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

Investment Real Estate

Investment real estate at December 31 was as follows:

(IN MILLIONS)

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Land development projects.....	\$ 613	\$ 642	\$ 653
American General Center, Houston.....	120..	125	130
Income-producing real estate.....	96	189	282
Foreclosed real estate.....	56	69	130
Allowance for losses.....	(321)	(253)	(129)
	-----	-----	-----
Total investment real estate.....	\$ 564	\$ 772	\$1,066
	=====	=====	=====

</TABLE>

The 1994 and 1993 decreases in income-producing and foreclosed real estate were due to sales. The increase in the allowance for losses over the past two years reflects declines in the net realizable value of certain real estate investments. While the value of any property may fluctuate with local market conditions, the net realizable value of the investment real estate portfolio is at least equal to the value reflected in the financial statements. In March 1995, the Financial Accounting Standards Board issued SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." This standard, which must be adopted by first quarter 1996, will require the Company to report certain investment real estate at fair value, rather than at net realizable value as previously required. Upon adoption of SFAS 121, the carrying value of certain land development projects will be permanently reduced by the amount of the related allowance for losses. American General has not determined when SFAS 121 will be adopted. The Company does not anticipate a material effect on net income, liquidity, or capital related to adoption of this standard.

Pretax net realized losses on real estate investments, including sales and reserve increases, totaled \$88 million, \$170 million, and \$74 million in 1994, 1993, and 1992, respectively.

No new real estate investments are planned, except for commitments on existing land development projects and possible foreclosures. All foreclosed real estate is held for sale.

Realized Investment Gains (Losses)

Realized investment gains (losses) may vary significantly from year to year since the decision to sell investments is determined principally by

considerations of investment timing and tax consequences. Realized investment gains (losses) can also result from early redemption of securities at the election of the issuer ("calls") and changes in write-downs and reserves.

Realized gains (losses) for the years ended December 31 were as follows:

(IN MILLIONS)

<TABLE> <CAPTION>			
	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Sales of fixed maturity securities.....	\$ (150) (a)	\$ (6)	\$ (2)
Write-downs/reserve changes(b).....	(123)	(298)	(155)
Calls of fixed maturity securities.....	29	129	102
Sales/calls of equity securities.....	9	123	61
Other.....	63	60	12
	-----	-----	-----
Total realized investment gains (losses).....	\$ (172)	\$ 8	\$ 18
	=====	=====	=====

</TABLE>

- (a) See "Significant Events -- Capital Gains Offset Program" above.
(b) Primarily related to investment real estate.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (CONTINUED)

CAPITAL REQUIREMENTS

The overall financial strength of American General and its subsidiaries is based on consolidated shareholders' equity of \$3.5 billion at December 31, 1994, and is confirmed by strong ratings for both debt-paying and claims-paying ability. For analysis of capital requirements, the parent company and the business segments are discussed separately.

Parent Company

Total capital of the parent company is referred to as "corporate capital." Since the parent company is a holding company, the level of corporate capital is determined primarily by the required equity of its business segments, while the mix of corporate capital between debt and equity is influenced by overall corporate strategy and structure.

At year-end 1994, corporate capital included \$3.5 billion of shareholders' equity and \$1.5 billion of corporate debt.

The ratio of corporate debt to corporate capital, excluding the effect of SFAS 115, was 25% and 22% at year-end 1994 and 1993, respectively. This ratio increased to 35% at January 31, 1995 from the issuance of short-term debt to initially finance the Franklin Life acquisition. Management expects this ratio to decrease to approximately 25% by year-end 1995 as the Company finalizes the permanent financing for the acquisition. Currently, the Company expects to refinance approximately 50% of the acquisition cost using long-term fixed-rate corporate debt and approximately 25% using non-convertible preferred stock.

The Company's current corporate debt ratings are as follows:

<TABLE> <CAPTION>			
	COMMERCIAL PAPER	LONG-TERM DEBT	
	-----	-----	
<S>	<C>	<C>	
Standard & Poor's.....	A-1+ (Highest)	AA-	(Strong)
Duff & Phelps.....	Duff 1+ (Highest)	AA-	(Strong)
Moody's.....	P-1 (Highest)	A1	(Strong)

</TABLE>

As a result of American General's announcement of the Franklin Life

acquisition and its then outstanding merger offer to acquire Unitrin for an aggregate cost of \$3.8 billion, two rating agencies downgraded the Company's corporate long-term debt ratings from AA to AA- on November 30, 1994.

Consumer Finance Segment

The capital of American General's Consumer Finance segment varies directly with the amount of finance receivables outstanding. The capital mix of consumer finance debt and equity is based primarily upon maintaining leverage at a level that supports cost-effective funding.

At year-end 1994, consumer finance capital was \$8.3 billion, compared to \$6.9 billion a year earlier, due to an increase in debt to support a \$1.3 billion increase in finance receivables. The 1994 capital included \$7.1 billion of consumer finance debt, which is not guaranteed by the parent company, and \$1.2 billion of equity.

The ratio of debt to tangible net worth (equity less goodwill and the effect of SFAS 115), a key measure of financial risk in the consumer finance industry, was 7.5 to 1 for the Consumer Finance segment at year-end 1994, 1993, and 1992. Management expects to maintain the current level of debt to tangible net worth.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (Continued)

The current consumer finance debt ratings are as follows:

	COMMERCIAL PAPER		LONG-TERM DEBT	
	-----		-----	
<S>	<C>		<C>	
Standard & Poor's.....	A-1+	(Highest)	A+	(Strong)
Duff & Phelps.....	Duff 1+	(Highest)	-	
Moody's.....	P-1	(Highest)	A1	(Strong)

During 1994, the consumer finance debt ratings were placed on rating watch lists with negative implications by one rating agency as a result of the Company's \$2.6 billion merger offer to acquire Unitrin. Subsequent to the expiration of the offer to acquire Unitrin on February 7, 1995, the rating agency confirmed the consumer finance debt ratings with no change.

Retirement Annuities and Life Insurance Segments

The amount of statutory equity required to support the business of American General's Retirement Annuities and Life Insurance segments is a function of three factors: (1) the quality of the assets invested to support insurance and annuity reserve liabilities; (2) the mortality risk of the life insurance in force; and (3) the interest-rate risk resulting from potential mismatching of asset and liability durations. Each of these items is a key factor in the NAIC's risk-based capital formula, used to evaluate the adequacy of a life insurance company's statutory equity (see "Economic Factors -- Regulation" above).

Rating agencies use the NAIC approach as one of the factors in determining an insurance company's claims-paying ability ratings. The Company's target statutory equity for each of its life insurance and annuity subsidiaries is 250% of the Company Action Level RBC. At December 31, 1994, all of the Company's life insurance and annuity subsidiaries had statutory equity equal to or in excess of this target. Franklin Life also had statutory equity in excess of this target.

The current claims-paying ability ratings of the Company's principal insurance and annuity subsidiaries are as follows:

	VALIC	AMERICAN		FRANKLIN
		GENERAL LIFE	GENERAL LIFE AND ACCIDENT	LIFE
	-----		-----	
	<C>		<C>	
A.M. Best.....	A++	A++	A++	A+
Standard & Poor's.....	AAA	AAA	AAA	AA
Duff & Phelps.....	AAA	AAA	-	AA+
Moody's.....	Aa2	Aa3	-	Aa3

During 1994, the claims-paying ability ratings of the above companies were placed on rating watch lists with negative implications by one or more rating agencies. The ratings watch was the result of the Company's \$2.6 billion merger offer to acquire Unitrin and the announcement of the Franklin Life acquisition. Subsequent to the expiration of the offer to acquire Unitrin on February 7, 1995, Standard & Poor's and Duff & Phelps confirmed the AAA ratings of the Company's insurance and annuity subsidiaries. After completion of the acquisition of Franklin Life on January 31, 1995, each of the four rating agencies lowered Franklin Life's ratings by one level to the ratings indicated above. These actions are a result of American General's plan to reduce Franklin Life's statutory equity to 250% of the Company Action Level RBC to finance a portion of the acquisition.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (Continued)

LIQUIDITY

American General's overall liquidity is based on strong cash flows from each of its business segments and its ability to borrow in both the long-term and short-term markets at competitive rates. American General believes that its overall sources of liquidity will continue to be sufficient to satisfy its foreseeable financial obligations. For analysis of liquidity, the parent company and the business segments are discussed separately below.

Parent Company

Operating cash flow for the parent company includes dividends from the business segments, partially offset by interest and other expenses not allocated to the segments. During 1994, operating cash flow of the parent company of \$410 million was used to pay dividends to shareholders, to buy back American General Common Stock, and to pay interest on corporate debt.

While the subsidiaries are restricted in the amount of dividends they may pay to the parent company, these restrictions are not expected to affect the ability of the parent company to meet its cash obligations in 1995.

Retirement Annuities and Life Insurance Segments

In 1994, the Retirement Annuities and Life Insurance segments generated \$2.5 billion of cash, composed of \$1.3 billion from operations and \$1.2 billion from the net increase in policyholder fixed account deposits. This compares to total cash generated of \$3.1 billion in 1993 and \$3.0 billion in 1992. The decrease was primarily a result of higher withdrawals and lower deposits related to fixed accounts and transfers to Separate Accounts by policyholders of the Retirement Annuities segment seeking higher returns in equity-based investments.

The major uses of cash were the net purchase of investments necessary to support increases in insurance and annuity liabilities, and dividends paid to the parent company. These segments paid dividends to the parent company of \$367 million in 1994, compared to \$506 million in 1993 and \$408 million in 1992. The Retirement Annuities segment and the Life Insurance segment, including Franklin Life, are expected to pay dividends to the parent company in 1995.

Consumer Finance Segment

Operating cash flow for the Consumer Finance segment includes net income adjusted for non-cash expenses such as the amortization of intangible assets and the provision for finance receivable losses. In 1994, operating cash flow totaled \$511 million, an increase from \$479 million and \$365 million in 1993 and 1992, respectively.

The 1994 operating cash flow, coupled with net proceeds from increased debt, generated total cash flow of \$1.8 billion, compared to \$833 million in 1993 and \$602 million in 1992. This cash was used to fund the net increase in receivables and to pay dividends to the parent company. Dividends paid to the parent company totaled \$140 million in 1994, compared to \$163 million in 1993 and \$137 million in 1992. Dividend levels are adjusted to maintain consumer finance leverage (ratio of debt to tangible net worth) at 7.5 to 1.

Operating cash flow and access to money and capital markets, resulting from strong debt and commercial paper ratings, are expected to satisfy 1995 cash

requirements, including long-term debt maturities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (Continued)

Credit Facilities

During 1994, the Company entered into two new unsecured committed credit facilities with 47 banks totaling \$2.5 billion. These facilities replaced existing bank credit facilities of equal amount. At December 31, 1994, committed credit facilities totaled \$3.0 billion. On January 31, 1995, one of these facilities was increased by \$1.3 billion to facilitate the Franklin Life acquisition and to support increases in Consumer Finance receivables. As a result, American General and its subsidiaries currently maintain committed credit facilities totaling \$4.3 billion with 54 domestic and foreign banks. While the principal purpose of these facilities is to support the issuance of commercial paper, they also provide an additional source of cash to American General and its subsidiaries. At March 31, 1995, there were no outstanding borrowings under these facilities.

FOR THE THREE MONTHS ENDED MARCH 31, 1995

BUSINESS SEGMENTS

Retirement Annuities

Revenues for the first three months of 1995 compared to 1994 increased \$19 million, primarily due to a 5% increase in net investment income, reflecting growth in invested assets, partially offset by a decrease in the average investment yield. Invested assets increased \$1.3 billion (excluding the effect of SFAS 115), or 7%, from March 31, 1994 to March 31, 1995, primarily due to fixed premium deposits and reinvestment of investment income over the last twelve months.

Segment earnings increased \$1 million, reflecting growth in net investment income which exceeded the increase in interest credited to policyholders. The ratio of operating expenses to average assets increased slightly to .54% for the three months ended March 31, 1995 from .53% for the same period in 1994.

The ratio of policyholder surrenders to average deferred policy reserves was 4.19% for first quarter 1995 compared to 5.81% for first quarter 1994, primarily due to a free bailout provision (surrender without charge) on certain accounts and participants seeking higher returns in equity-based investments in the first quarter of 1994, both due to low market interest rates. While customer interest in equity-based investments has continued, resulting in a \$32 million increase in variable account deposits, fixed deposits also increased \$18 million in first quarter 1995 compared to first quarter 1994, due to the higher interest rate environment.

Consumer Finance

Revenues for the first three months of 1995 compared to 1994 increased \$96 million, or 28%, primarily from increased finance charges due to growth in finance receivables, through business development efforts and branch expansion, and improved yields. Yields improved as a result of the increased emphasis on non-real estate secured consumer loans and higher yields on the retail sales finance and credit card portfolios.

Segment earnings increased \$7 million, or 13%, due to increased spread on a

higher receivables balance, partially offset by a higher provision for finance receivable losses and increased operating expenses. The charge off ratio increased to 2.8% for first quarter of 1995 from 2.2% for the same period of 1994, and delinquencies increased to 2.9% at March 31, 1995 from 2.4% at March 31, 1994. The increase in charge offs, delinquencies, and the provision for finance receivable losses resulted from growth in finance receivables and the change in portfolio mix described above.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (Continued)

Life Insurance

The Life Insurance segment includes two months of activity of Franklin Life, acquired January 31, 1995. The acquisition increased segment revenues \$174 million, deposits \$69 million, and earnings \$21 million in first quarter 1995.

Excluding Franklin Life, revenues for the Life Insurance segment increased \$22 million for the three months ended March 31, 1995 compared to 1994, primarily due to Financial Life, excluded from first quarter 1994 segment reporting, and higher investment income. The increase in investment income resulted from growth in invested assets, partially offset by lower yields which resulted from prepayment of higher yielding securities through mid-1994 and reinvestment at lower rates. Excluding Franklin Life, deposits increased 7% due to the introduction of structured settlement annuity products and growth in interest-sensitive life deposits.

Segment earnings excluding Franklin Life decreased \$1 million in first quarter 1995 compared to the same period of 1994, primarily due to higher insurance and annuity benefit expenses, partially offset by the increase in investment income.

ECONOMIC FACTORS -- GUARANTY ASSOCIATIONS

The Company's life insurance and annuity subsidiaries were assessed \$6.6 million by state guaranty associations during first quarter 1995, of which \$4.2 million had been accrued at December 31, 1994. Assessments during first quarter 1994 were \$3.4 million, of which \$2.4 million was accrued at December 31, 1993. The assessments for 1995 and 1994 were reduced by \$2.2 million and \$.8 million, respectively, considered recoverable against future premium taxes. At March 31, 1995, the accrued liability for anticipated unrecoverable assessments was \$23 million, compared to \$21 million at December 31, 1994.

INVESTMENTS

At March 31, 1995, American General's \$56 billion of assets included \$38 billion of investments, principally supporting insurance and annuity liabilities.

Fixed Maturity Securities

Information regarding the fixed maturity securities portfolio at March 31, 1995 was as follows:

(IN MILLIONS)

<TABLE>
<CAPTION>

	FAIR VALUE	%	AVERAGE RATING
<S>	<C>	<C>	<C>
Investment grade.....	\$20,232	62%	A
Mortgage-backed.....	11,169	34	AAA
Below investment grade.....	1,130	4	BB-
	-----	---	----
Total fixed maturity securities.....	\$32,531	100%	AA-
	=====	====	=====

</TABLE>

Collateralized mortgage obligations represented 88% and 92% of mortgage-backed securities at March 31, 1995 and December 31, 1994, respectively.

Below investment grade fixed maturity securities increased \$244 million from December 31, 1994 to March 31, 1995, primarily due to the acquisition of Franklin Life. Net income from below investment grade fixed maturity securities, including realized investment gains and losses, was \$16 million and \$12 million for the first three months of 1995 and 1994, respectively. Non-performing fixed maturity securities were .2% of total fixed maturity securities at March 31, 1995 and December 31, 1994.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (Continued)

Decreases in market interest rates and resulting increases in bond values during the first three months of 1995 caused the adjustment to shareholders' equity related to fixed maturity securities under SFAS 115 to decrease from a net unrealized loss of \$950 million at December 31, 1994 to a net unrealized loss of \$106 million at March 31, 1995. The components of the fair value adjustment to report securities in accordance with SFAS 115 at March 31, 1995 and December 31, 1994 were as follows:

(IN MILLIONS)

<TABLE>
<CAPTION>

	MARCH 31, 1995	DECEMBER 31, 1994	CHANGE
<S>	<C>	<C>	<C>
Fair value adjustment to fixed maturity securities.....	\$ (288)	\$ (1,387)	\$ 1,099
Increase (decrease) in deferred policy acquisition costs and cost of insurance purchased.....	102	401	(299)
Decrease (increase) in deferred income taxes.....	66	351	(285)
Valuation allowance on deferred tax asset.....	-	(315)	315
Equity in WNC's net unrealized gain.....	14	-	14
	-----	-----	-----
Net unrealized losses on fixed maturity securities.....	(106)	(950)	844
Net unrealized gains on equity securities....	22	15	7
	-----	-----	-----
Net unrealized gains (losses) on securities.....	\$ (84)	\$ (935)	\$ 851
	=====	=====	=====

</TABLE>

Mortgage Loans

Mortgage loan information at March 31, 1995 was as follows:

(IN MILLIONS)

<TABLE>	
<S>	<C>
Commercial.....	\$ 3,189
Residential.....	81
Allowance for losses.....	(83)

Total mortgage loans.....	\$ 3,187
	=====
Foreclosures during the quarter.....	\$ -
	=====
Allowance for losses.....	2.5%
	=====
Non-performing	
Delinquent (60+ days).....	3.0%
Restructured commercial loans.....	2.6

Total non-performing.....	5.6%
	=====
</TABLE>	

Non-performing mortgage loans represented 5.6% of total commercial loans at March 31, 1995, compared to 5.8% at December 31, 1994. The increase was primarily due to the increase in the portfolio from \$2.7 billion at December 31, 1994 to \$3.2 billion at March 31, 1995, due to the Franklin Life acquisition.

At March 31, 1995, \$205 million of performing commercial mortgage loans were included on the Company's watch list, compared to \$239 million at year-end 1994. The decrease in the watch list amount was primarily due to loans which became non-performing during the quarter. The Company does not anticipate a significant effect on operations, liquidity, or capital from these loans.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF AMERICAN GENERAL -- (Continued)

LIQUIDITY

Net cash flows from operating activities on a consolidated basis increased \$267 million in first quarter 1995 compared to the same period in 1994, primarily due to increases in segment operating cash flows and a \$78 million tax refund received in first quarter 1995 as a result of 1994 capital losses and overpayment of 1994 taxes.

Parent Company

Operating cash flows of the parent company were \$78 million and \$92 million for the three months ended March 31, 1995 and 1994, respectively. The decrease related to lower dividends from subsidiaries, higher intercompany receivables, and a \$9 million increase in interest expense due to the Franklin Life acquisition. The decrease was partially offset by an income tax refund in first quarter 1995 compared to taxes paid in first quarter 1994.

The increase in short-term debt during first quarter 1995 primarily resulted from financing the Franklin Life acquisition. On March 29, 1995, the Company issued \$150 million of non-redeemable debt securities due April 1, 2005, which bear interest at 7 3/4% payable semi-annually. Proceeds from this issuance were used to repay short-term corporate debt.

Retirement Annuities and Life Insurance Segments

Net cash flows generated by the Life Insurance and Retirement Annuities segments in the first three months of 1995 included \$438 million provided by operating activities and \$268 million provided by the increase in fixed policyholder account deposits, net of withdrawals. This compares to \$321 million and \$288 million, respectively, during the first three months of 1994. The \$117 million increase in cash provided by operating activities was primarily due to a \$32 million tax payment in the Retirement Annuities segment in first quarter 1994, and cash flows of Franklin Life.

During first quarter 1995, the companies in the Life Insurance and Retirement Annuities segments paid cash dividends of \$52 million to American General, compared to \$54 million during first quarter 1994.

Consumer Finance Segment

The Consumer Finance segment's operating cash flows increased to \$204 million during first quarter 1995, compared to \$166 million during first quarter 1994. Cash dividends paid to the Company by the Consumer Finance segment totaled \$31 million in the first three months of 1995, compared to \$81 million for the same period of 1994, which included \$48 million of dividends accrued in 1993.

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PRO FORMA FINANCIAL INFORMATION OF AMERICAN GENERAL

On January 31, 1995, American General through its wholly-owned subsidiary, AGC Life Insurance Company ("AGC Life"), acquired AFC, the holding company of Franklin Life, pursuant to a Stock Purchase Agreement dated as of November 29, 1994, between American General and American Brands, Inc. ("American Brands"). The purchase price was \$1.17 billion, consisting of \$920 million in cash paid at closing and a \$250 million cash dividend paid by AFC to American Brands prior to closing. The dividend was paid on January 30, 1995.

On December 23, 1994, American General, through AGC Life, acquired a 40% interest in WNC, the holding company of Western National Life Insurance Company, through the acquisition of 24,947,500 shares of WNC common stock from Conseco, Inc. for \$274 million in cash.

Included on the following pages is information related to these acquisitions, as follows:

Balance Sheet

The unaudited pro forma consolidated balance sheet as of March 31, 1995 presents the historical consolidated balance sheet of American General, as adjusted to reflect the proposed permanent financing of the AFC acquisition (see Note C of notes to pro forma consolidated financial statements).

Statement of Income for the Year Ended December 31, 1994

The unaudited pro forma consolidated statement of income for the year ended December 31, 1994 presents the consolidated results of operations of American General and AFC and reflects American General's 40% equity in the earnings of WNC as if the acquisitions had been effective January 1, 1994, after giving effect to the purchase accounting and other pro forma adjustments described in the related notes.

Statement of Income for the Three Months Ended March 31, 1995

The unaudited pro forma consolidated statement of income for the three

months ended March 31, 1995 presents the consolidated results of operations of (i) American General, which includes the operations of AFC for February and March 1995 and American General's 40% equity in the earnings of WNC, and (ii) AFC, for January 1995. The purchase accounting and other pro forma adjustments, as described in the related notes, are calculated as if the AFC acquisition had been effective January 1, 1994.

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AMERICAN GENERAL CORPORATION

PRO FORMA CONSOLIDATED BALANCE SHEET

MARCH 31, 1995

(UNAUDITED)
(IN MILLIONS)

<TABLE>
<CAPTION>

	HISTORICAL ----- AMERICAN GENERAL -----	PRO FORMA ADJUSTMENTS ----- RELATING TO AFC FINANCING -----	PRO FORMA CONSOLIDATED -----
<S>	<C>	<C>	<C>
Assets			
Investments			
Fixed maturity securities.....	\$ 32,531	\$ -	\$ 32,531
Mortgage loans on real estate.....	3,187	-	3,187
Equity securities.....	248	-	248
Policy loans.....	1,538	-	1,538
Investment real estate.....	553	-	553
Other long-term investments.....	199	-	199
Short-term investments.....	241	-	241
	-----	-----	-----
Total investments.....	38,497	-	38,497
Cash.....	21	-	21
Finance receivables, net.....	7,930	-	7,930
Investment in WNC.....	297	-	297
Deferred policy acquisition costs.....	2,371	-	2,371
Cost of insurance purchased.....	745	-	745
Acquisition-related goodwill.....	592	-	592
Other assets.....	1,648	-	1,648
Assets held in Separate Accounts.....	3,566	-	3,566
	-----	-----	-----
Total assets.....	\$ 55,667	\$ -	\$ 55,667
	=====	=====	=====
Liabilities			
Insurance and annuity liabilities.....	\$ 36,046	\$ -	\$ 36,046
Debt (short-term)			
Corporate:			
Short-term.....	1,375	(920) (C) 220 (C) 10 (D)	685
Long-term.....	984	450 (C) (2) (D)	1,432
Real Estate (\$349).....	349	-	349
Consumer Finance (\$2,498).....	7,261	-	7,261
Income tax liabilities.....	793	-	793
Other liabilities.....	824	-	824
Liabilities related to Separate Accounts.....	3,566	-	3,566
	-----	-----	-----
Total liabilities.....	51,198	(242)	50,956
	-----	-----	-----
Preferred stock of subsidiary.....	-	250 (C) (8) (D)	242
Common stock subject to put contracts.....	47	-	47
Shareholders' equity			
Common stock.....	365	-	365
Net unrealized gains (losses) on securities.....	(84)	-	(84)
Retained earnings.....	4,606	-	4,606
Cost of treasury stock.....	(465)	-	(465)
	-----	-----	-----
Total shareholders' equity.....	4,422	-	4,422
	-----	-----	-----
Total liabilities and equity.....	\$ 55,667	\$ -	\$ 55,667
	=====	=====	=====

</TABLE>

AMERICAN GENERAL CORPORATION

PRO FORMA CONSOLIDATED STATEMENT OF INCOME
 FOR THE YEAR ENDED DECEMBER 31, 1994
 (UNAUDITED)
 (IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE> <CAPTION>					
	HISTORICAL		PRO FORMA ADJUSTMENTS		
	-----		-----		
	AMERICAN	AFC	RELATING TO	RELATING TO	PRO FORMA
	GENERAL		AFC	WNC	CONSOLIDATED
	-----	-----	ACQUISITION	ACQUISITION	-----
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Premiums and other considerations..	\$ 1,210	\$ 503	\$ -	\$ -	\$ 1,713
Net investment income.....	2,493	479	9 (E)	(4) (M)	2,978
			(7) (F)		
			8 (F)		
Finance charges.....	1,248	-	-	-	1,248
Realized investment gains					
(losses).....	(172)	(14)	14 (G)	-	(172)
Equity in earnings of WNC.....	-	-	-	27 (N)	27
Other.....	62	68	-	-	130
	-----	-----	-----	-----	-----
Total revenues.....	4,841	1,036	24	23	5,924
	-----	-----	-----	-----	-----
Benefits and expenses					
Insurance and annuity benefits....	2,224	721	5 (H)	-	2,950
Operating costs and expenses.....	1,013	108	(3) (I)	-	1,118
Commission expense.....	400	126	-	-	526
Change in deferred policy					
acquisition costs.....	(142)	(40)	(71) (I)	-	(253)
Amortization of cost of insurance					
purchased.....	18	9	(9) (I)	-	59
			41 (J)		
Interest expense					
Corporate.....	110	-	47 (K)	11 (M)	168
Consumer Finance.....	416	-	-	-	416
	-----	-----	-----	-----	-----
Total benefits and					
expenses.....	4,039	924	10	11	4,984
	-----	-----	-----	-----	-----
Earnings					
Income before income tax expense...	802	112	14	12	940
Income tax expense.....	289	44	5 (L)	(5) (L)	341
				8 (N)	
	-----	-----	-----	-----	-----
Income before net dividends on					
preferred stock of subsidiary...	513	68	9	9	599
Net dividends on preferred stock of					
subsidiary.....	-	-	(14) (K)	-	(14)
	-----	-----	-----	-----	-----
Net income.....	\$ 513	\$ 68	\$ (5)	\$ 9	\$ 585
	=====	=====	=====	=====	=====
Earnings per share and average shares					
outstanding:					
Primary:					
Net income.....	\$ 2.45				\$ 2.79
	=====				=====
Average shares outstanding					
(in thousands).....	209,403				209,403
	=====				=====
Fully diluted:					
Net income.....	\$ 2.45				\$ 2.79
	=====				=====
Average shares outstanding					
(in thousands).....	209,420				209,420
	=====				=====

</TABLE>

AMERICAN GENERAL CORPORATION

PRO FORMA CONSOLIDATED STATEMENT OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1995

(UNAUDITED)

(IN MILLIONS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	HISTORICAL			
	THREE MONTHS ENDED MARCH 31, 1995	ONE MONTH ENDED JANUARY 31, 1995	PRO FORMA ADJUSTMENTS ----- RELATING TO AFC ACQUISITION -----	PRO FORMA CONSOLIDATED -----
	AMERICAN GENERAL	AFC		
<S>	<C>	<C>	<C>	<C>
Revenues				
Premiums and other considerations.....	\$ 403	\$ 35	\$ -	\$ 438
Net investment income.....	722	41	1 (E)	764
			(1) (F)	
			1 (F)	
Finance charges.....	359	-	-	359
Realized investment gains (losses).....	2	1	(1) (G)	2
Equity in earnings of WNC.....	9	-	-	9
Other.....	23	4	-	27
	-----	-----	-----	-----
Total revenues.....	1,518	81	-	1,599
	-----	-----	-----	-----
Benefits and expenses				
Insurance and annuity benefits.....	693	55	- (H)	748
Operating costs and expenses.....	306	11	- (I)	317
Commission expense.....	126	8	-	134
Change in deferred policy acquisition costs.....	(54)	(3)	(6) (I)	(63)
Amortization of cost of insurance purchased.....	11	1	(1) (I)	14
			3 (J)	
Interest expense				
Corporate.....	39	-	3 (K)	42
Consumer Finance.....	125	-	-	125
	-----	-----	-----	-----
Total benefits and expenses.....	1,246	72	(1)	1,317
	-----	-----	-----	-----
Earnings				
Income before income tax expense.....	272	9	1	282
Income tax expense.....	97	3	- (L)	100
	-----	-----	-----	-----
Income before net dividends on preferred stock of subsidiary.....	175	6	1	182
Net dividends on preferred stock of subsidiary.....	-	-	(4) (K)	(4)
	-----	-----	-----	-----
Net income.....	\$ 175	\$ 6	\$ (3)	\$ 178
	=====	=====	=====	=====
Earnings per share and average shares outstanding:				
Primary:				
Net income.....	\$.85			\$.87
	=====			=====
Average shares outstanding (in thousands).....	205,192			205,192
	=====			=====
Fully diluted:				
Net income.....	\$.85			\$.87
	=====			=====
Average shares outstanding (in thousands).....	205,244			205,244
	=====			=====

</TABLE>

AMERICAN GENERAL CORPORATION

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE A. BASIS OF PRESENTATION

On January 31, 1995, American General through its wholly-owned subsidiary, AGC Life, acquired AFC, the holding company of Franklin Life, pursuant to a Stock Purchase Agreement dated as of November 29, 1994, between American General and American Brands. The purchase price was \$1.17 billion, consisting of \$920 million in cash paid at closing and a \$250 million cash dividend paid by AFC to American Brands prior to closing. The dividend was paid on January 30, 1995.

On December 23, 1994, American General through AGC Life acquired a 40% interest in WNC, the holding company of Western National Life Insurance Company, through the acquisition of 24,947,500 shares of WNC common stock from Conseco, Inc. for \$274 million in cash.

The unaudited pro forma consolidated balance sheet as of March 31, 1995 presents the historical consolidated balance sheet of American General, as adjusted to reflect the proposed permanent financing of the AFC acquisition (see Note C).

The unaudited pro forma consolidated statement of income for the year ended December 31, 1994, presents the consolidated results of operations of American General and AFC and reflects American General's 40% equity in the earnings of WNC as if these acquisitions had been effective January 1, 1994, after giving effect to the purchase accounting and other pro forma adjustments described in the related notes.

The unaudited pro forma consolidated statement of income for the three months ended March 31, 1995 presents the consolidated results of operations of (i) American General, which includes the operations of AFC for February and March 1995, and American General's 40% equity in the earnings of WNC, and (ii) AFC, for January 1995. The purchase accounting and other pro forma adjustments, as described in the related notes, are calculated as if the AFC acquisition had been effective January 1, 1994.

The unaudited pro forma consolidated financial statements and the related notes reflect the application of the purchase method of accounting for the AFC acquisition. Under this method, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective estimated fair values at January 31, 1995, the actual acquisition date, including an adjustment for income tax effects for the difference between the assigned values and the tax basis of the assets and liabilities (see Note B). The purchase method of accounting also was applied to the financial statements of WNC before recording American General's 40% of WNC's earnings using the equity method of accounting.

Prior to completion of accounting for both the AFC and the WNC acquisitions, changes to the purchase accounting adjustments included in the unaudited pro forma consolidated financial statements are anticipated as the valuations of acquired assets and assumed liabilities are finalized. Accordingly, the actual consolidated financial statements of American General reflecting the AFC and the WNC acquisitions will differ from the pro forma financial statements included herein. The unaudited pro forma consolidated financial statements are intended for informational purposes only and may not necessarily be indicative of American General's future financial position or future results of operations.

American General anticipates first year cost savings of \$8 million, primarily associated with centralizing AFC's investment management function at American General immediately following the acquisition. This expected savings has been included in the pro forma consolidated financial statements (see Note F). American General projects additional future cost savings, the extent and

AMERICAN GENERAL CORPORATION

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

timing of which may vary from management's expectations. No adjustment has been included in the pro forma consolidated financial statements for these additional projected cost savings.

NOTE B. ALLOCATION OF PURCHASE PRICE -- AFC

The total acquisition cost of AFC is allocated as follows:

<TABLE>

<CAPTION>

(IN MILLIONS)	HISTORICAL	PRO FORMA
	JANUARY 31, 1995	DECEMBER 31, 1994
<S>	<C>	<C>
Net assets of AFC.....	\$ 1,117	\$ 1,360
Less dividend paid on January 30, 1995.....	-	(250)
Net assets purchased.....	1,117	1,110
Increase (decrease) in AFC's net asset value to estimated fair value:		
Held-to-maturity fixed maturity securities.....	(178)	(284)
Mortgage loans on real estate.....	(26)	(12)
Equity securities.....	(4)	-
Investment real estate.....	(2)	-
Other long-term investments.....	2	-
Deferred policy acquisition costs.....	(513)	(511)
Cost of insurance purchased (historical).....	(174)	(175)
Cost of insurance purchased.....	645	752
Acquisition-related goodwill.....	(80)	(80)
Insurance and annuity liabilities.....	75	100
Income tax liabilities.....	69	45
Other assets/liabilities, net.....	(4)	-
Total estimated fair value adjustments.....	(190)	(165)
Acquisition-related costs.....	-	(18)
Total acquisition cost.....	927	927
American General transaction costs.....	(7)	(7)
Cash purchase price.....	\$ 920	\$ 920
	=====	=====

</TABLE>

As explained in Note A, purchase accounting adjustments will change as additional information becomes available, affecting the ultimate allocation of the purchase price.

AMERICAN GENERAL CORPORATION

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

NOTE C. DEBT AND PREFERRED STOCK OF SUBSIDIARY

The AFC acquisition was financed at closing by short-term floating-rate corporate debt at an average rate of 6%. The pro forma consolidated financial statements reflect the expected proposed permanent financing of the transaction, as follows:

<TABLE> <CAPTION> (IN MILLIONS)		
TYPE OF ISSUE	AMOUNT OUTSTANDING	ASSUMED RATE

<S>	<C>	<C>
Short-term floating-rate corporate debt.....	\$ 220	6.05%
Long-term fixed-rate corporate debt.....	450	7.45%
Preferred stock of subsidiary.....	250	8.625%

Total.....	\$ 920	
	=====	

</TABLE>

The assumed floating rate for short-term corporate debt, expected to be issued on a staggered maturity basis, is based on American General's portfolio rate with a 16 day average portfolio maturity. The assumed rate for the long-term fixed-rate corporate debt is based on a 10 year Treasury rate plus 60 basis points. The assumed rate for preferred stock of subsidiary is based on estimates from investment bankers.

NOTE D. DEBT AND PREFERRED STOCK OF SUBSIDIARY ISSUE COSTS

Issue costs, deducted from the proceeds of the expected proposed permanent financing of the AFC acquisition (see Note C), are assumed to be .35% for long-term fixed-rate corporate debt and 3.15% for preferred stock of subsidiary. These costs are capitalized and amortized into expense over an assumed maturity period of 10 years for long-term corporate debt and 30 years for preferred stock of subsidiary.

NOTE E. ACCRETION OF DISCOUNT ON FIXED MATURITY SECURITIES AND MORTGAGE LOANS ON

REAL ESTATE

AFC's historical consolidated financial statements accrete the difference between par value and amortized cost of fixed maturity securities and mortgage loans to income on an effective yield basis over the remaining lives of the individual fixed maturity securities and mortgage loans. The pro forma consolidated financial statements are adjusted to reflect additional accretion of the difference, at the assumed acquisition date, between amortized cost and fair value of these same fixed maturity securities and mortgage loans.

Expected incremental accretion of the discount on fixed maturity securities and mortgage loans for the next five years is \$9 million, \$11 million, \$14 million, \$16 million, and \$19 million (pretax), respectively.

NOTE F. NET INVESTMENT INCOME

The liquidation by AFC of its investments to fund the \$250 million cash dividend paid to its shareholder prior to the acquisition (see Note A) is expected to reduce net investment income by \$6 million (pretax) per year.

The liquidation of \$25 million of short-term investments to fund transaction and acquisition-related costs is expected to reduce interest income by \$1 million (pretax) per year.

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AMERICAN GENERAL CORPORATION

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (UNAUDITED)

Annual projected expense savings of \$8 million, primarily associated with centralizing AFC's investment management function at American General immediately following the acquisition, are included in the pro forma consolidated financial statements.

NOTE G. REALIZED INVESTMENT GAINS (LOSSES)

Realized and unrealized investment losses of \$31 million and gains of \$1 million (pretax) on trading securities recorded by AFC in 1994 and January 1995, respectively, are reversed since equity securities were assumed to be liquidated prior to the acquisition to fund the cash dividend to AFC's shareholder (see Note A). For purposes of the pro forma consolidated financial statements, the dividend is assumed to occur on January 1, 1994.

Realized investment gains of \$17 million (pretax) on fixed maturity securities recorded by AFC in 1994 are reversed for purposes of the pro forma consolidated financial statements, since they will not be a component of total revenues in the future. The gains realized by AFC were indicative of the low interest rate environment that prevailed in early 1994. Assuming the acquisition occurred at January 1, 1994, these gains would not have been realized because American General's purchased bases in the securities sold would have been higher.

NOTE H. INSURANCE AND ANNUITY BENEFITS

AFC's historical insurance and annuity benefits are increased primarily to reflect the change in the pattern of reserving for future benefits, primarily for AFC's participating life insurance contracts.

NOTE I. AMORTIZATION EXPENSE -- DEFERRED POLICY ACQUISITION COSTS ("DPAC"), COST OF INSURANCE PURCHASED ("CIP"), AND ACQUISITION-RELATED GOODWILL

The expense recorded on AFC's historical consolidated financial statements for the amortization of DPAC, historical CIP, and acquisition-related goodwill is reversed to reflect the elimination of the related intangible assets under purchase accounting.

NOTE J. AMORTIZATION OF CIP

CIP reflects the estimated fair value of the business in force and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from insurance contracts existing at the assumed date of the acquisition. Such value is the actuarially-determined amount that, when amortized into income, results in expected earnings that meet the profit objective of American General. This profit objective is an expected aftertax rate of return of 13.5% on capital required to support the business in force. This rate of return is believed to be appropriate based on considerations of the relative risk associated with realizing the expected cash flows, the cost of capital to American General to fund the acquisition, and the operating environment of AFC, namely, the regulatory and tax factors affecting future profitability and the profit objectives of American General for newly issued policies.

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AMERICAN GENERAL CORPORATION

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)

The value allocated to CIP is based on a preliminary valuation; accordingly, this amount will be adjusted after final determination of the value. On a pro forma basis, assuming that the acquisition occurred at December 31, 1994, expected gross amortization using current assumptions and accretion of interest based on an interest rate equal to the liability or contract rate (5% to 8%), for each of the years in the five-year period ending December 31, 1999, is as follows:

<TABLE> <CAPTION> (IN MILLIONS)						
	YEAR ENDING DECEMBER 31, -----	BEGINNING BALANCE -----	GROSS AMORTIZATION -----	ACCRETION OF INTEREST -----	NET AMORTIZATION -----	ENDING BALANCE -----
<S>		<C>	<C>	<C>	<C>	<C>
1995.....		\$ 752	\$ 97	\$ 56	\$ 41	\$ 711
1996.....		711	93	53	40	671
1997.....		671	89	50	39	632
1998.....		632	84	47	37	595
1999.....		595	79	45	34	561

</TABLE>

NOTE K. INTEREST EXPENSE AND DIVIDENDS ON PREFERRED STOCK OF SUBSIDIARY

Interest expense is increased to reflect the issuance of long-term fixed-rate corporate debt and short-term floating-rate corporate debt assuming the expected proposed permanent financing of the AFC acquisition had been effective on January 1, 1994 (see Note C). The components of pretax interest expense for 1994 are as follows:

<TABLE> <CAPTION> (IN MILLIONS)				
	TYPE OF ISSUE	ASSUMED RATE	AMOUNT OUTSTANDING	ANNUAL INTEREST EXPENSE
<S>		<C>	<C>	<C>
Short-term floating-rate corporate debt.....		6.05%	\$ 220	\$13
Long-term fixed-rate corporate debt.....		7.45%	450	34
			-----	-----
			\$ 670	\$47
			=====	=====

</TABLE>

Interest expense for the three months ended March 31, 1995 is adjusted to reflect the incremental increase in interest expense assuming the proposed permanent financing of the AFC acquisition had been effective on January 1, 1995 (see Note C).

A 1% increase/decrease in the short-term floating rate would increase/decrease the above pro forma annual interest expense by approximately \$2 million (pretax) per year. A 1% increase/decrease in the long-term fixed rate would increase/decrease the above annual pro forma interest expense by approximately \$5 million (pretax) per year.

Dividends on preferred stock of subsidiary are assumed to be at a pretax rate of 8.625% on \$250 million of preferred stock issued in connection with the expected proposed permanent financing of the AFC acquisition. The dividends are shown net of an \$8 million tax benefit per year to reflect the tax deductibility of these dividends (see Note C).

NOTE L. INCOME TAX EXPENSE

All of the applicable pro forma consolidated financial statement adjustments, except goodwill amortization, are tax effected at an assumed effective income tax rate of 37% for AFC and 35% for WNC.

NOTE M. INTEREST EXPENSE AND NET INVESTMENT INCOME -- WNC

The purchase of WNC was funded as follows:

<TABLE>	
<CAPTION>	
(IN MILLIONS)	
<S>	<C>
Sale of equity securities.....	\$ 59
Sale or maturity of short-term investments.....	39
Issuance of short-term floating-rate debt.....	176

Total.....	\$ 274
	=====
</TABLE>	

Interest expense is increased, and net investment income is reduced, in 1994 to reflect the liquidation of investments and the issuance of short-term debt to fund the acquisition of the 40% interest in WNC. Interest expense of \$11 million is calculated at an assumed rate of 6.05% per year on \$176 million of short-term debt. Foregone net investment income is calculated as follows:

(IN MILLIONS)

<TABLE>			
<CAPTION>			
		ANNUAL	
		FOREGONE	
		NET	
		INVESTMENT	
		INCOME	
-----	-----	-----	-----
TYPE OF ISSUE SOLD	ASSUMED	AMOUNT	
	RATE	SOLD	
<S>	<C>	<C>	<C>
Equity securities.....	3.37%	\$ 59	\$2
Short-term investments.....	6.25%	39	2
		----	---
		\$ 98	\$4
		=====	===
</TABLE>			

NOTE N. EQUITY IN EARNINGS OF WNC

The purchase price of WNC was allocated as follows:

<TABLE>	
<CAPTION>	
(IN MILLIONS)	
<S>	<C>
40% of net assets of WNC at December 23, 1994.....	\$ 136
Increase (decrease) in WNC's net asset value at	
December 23, 1994 to estimated fair value:	
Mortgage loans on real estate.....	(5)
Credit-tenant loans.....	(5)
Deferred policy acquisition costs.....	(144)
Cost of insurance purchased (historical).....	(42)
Cost of insurance purchased.....	232
Acquisition-related goodwill.....	136
Insurance and annuity liabilities.....	(23)
Income tax liabilities.....	(1)
Other assets/liabilities.....	(10)

Total estimated fair value adjustments.....	138

Cash purchase price.....	\$ 274
	=====
</TABLE>	

The investment in WNC is reported using the equity method of accounting. American General records 40% of WNC's earnings, adjusted for purchase accounting and other pro forma adjustments. The equity in earnings of WNC is tax effected by American General at 35%, less an estimated dividends received deduction.

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AMERICAN GENERAL CORPORATION

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (UNAUDITED)

The equity in earnings of WNC and American General's related tax expense are calculated as follows:

(IN MILLIONS)		YEAR ENDED DECEMBER 31, 1994
<S>		<C>
40% of WNC's earnings.....		\$ 29
Purchase accounting adjustments:		
Reversal of amortization expense.....		8
Accretion of discount on fixed maturity securities.....		7
Release of reserves.....		1
Amortization of CIP.....		(24)
Pro forma adjustments:		
Reduction in investment management fee.....		3
Reversal of realized investment losses.....		14
Reversal of trading gains.....		(1)

Taxable adjustments.....		8
Tax effect on above adjustments.....		(3)
Amortization of goodwill.....		(7)

Equity in earnings of WNC.....		27
American General tax on undistributed earnings*.....		8

Net aftertax equity in earnings of WNC.....		\$ 19
		=====

</TABLE>

*Reflects dividends received deduction.

Dividends received from WNC, at an assumed annual rate of \$.16/share or \$1 million per quarter, reduce American General's investment in WNC and have no impact on the pro forma consolidated statement of income, except for the dividends received deduction.

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DESCRIPTION OF THE SERIES A PREFERRED SECURITIES

GENERAL

The following summary of certain terms and provisions of the Series A Preferred Securities supplements the description of the terms and provisions of the Preferred Securities set forth in the accompanying Prospectus under the heading "Description of the Preferred Securities," to which description reference is hereby made. Capitalized terms used and not defined in this Prospectus Supplement have the meanings ascribed to them in the accompanying Prospectus. The Series A Preferred Securities constitute a series of Preferred Securities of American General Delaware having such dividend terms, liquidation preferences per share, voting rights, redemption provisions, conversion or exchange rights and other rights, preferences, privileges, limitations and restrictions as are set forth in the LLC Agreement, the Delaware Limited Liability Company Act (the "LLC Act") and the written action taken or to be taken pursuant to the LLC Agreement by the Manager relating to the Series A Preferred Securities (the "Series A Declaration"). The summary of certain terms and provisions of the Series A Preferred Securities set forth below does not purport to be complete and is subject to, and qualified in its entirety by reference to, the LLC Agreement and the Series A Declaration. The LLC Agreement and the form of the Series A Declaration have been filed as exhibits to the Registration Statement of which this Prospectus Supplement and accompanying Prospectus is a part.

DIVIDENDS

General. Holders of the Series A Preferred Securities will be entitled to receive cumulative cash dividends from American General Delaware, accruing from the date of original issuance and payable monthly in arrears on the last day of each calendar month of each year, commencing June 30, 1995, except as otherwise described below. The dividends payable on each Series A Preferred Security will be fixed at the annual rate of \$, or % of the liquidation preference of \$50 per Series A Preferred Security. The amount of dividends payable for any full monthly dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months, and for any period shorter than a full monthly dividend period, will be computed on the basis of the actual number of days elapsed in such period. Payment of dividends is limited to the funds held by American General Delaware and legally available for distribution to holders of Series A Preferred Securities. See "Description of the Series A Junior Subordinated Debentures -- Interest."

Dividends on the Series A Preferred Securities must be declared monthly and paid on the last day of each calendar month to the extent that American General Delaware has funds legally available for the payment of such dividends and cash on hand sufficient to make such payments. It is anticipated that the funds of American General Delaware will be limited principally to payments received from American General under the Series A Junior Subordinated Debentures. If American General fails to make interest payments on the Series A Junior Subordinated Debentures, American General Delaware will not have sufficient funds to pay dividends on the Series A Preferred Securities. The payment of dividends (but only if and to the extent declared from funds of American General Delaware legally available therefor) will be guaranteed by American General as and to the extent set forth herein and under "Description of the Guarantees" in the accompanying Prospectus.

American General has the right under the Series A Junior Subordinated Debentures to extend, from time to time, the interest payment period on the Series A Junior Subordinated Debentures for up to 60 consecutive months on one or more occasions, but not beyond the stated maturity date or date of redemption thereof. Monthly dividends on the Series A Preferred Securities would be deferred (but would continue to accumulate monthly and Additional Dividends, intended to provide monthly compounding on dividend arrearages, would also accumulate) by American General Delaware during any such extension of the interest payment period. American General Delaware will give written notice of American General's extension of the interest payment period to the holders of the Series A Preferred Securities no later than the last date on which it would be required to notify

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the NYSE of the record or payment date of the related dividend, which is currently 10 days prior to such record or payment date. See "-- Additional Dividends" and "Description of the Series A Junior Subordinated Debentures -- Option to Extend Interest Payment Period." Any failure by American General to make interest payments on the Series A Junior Subordinated Debentures within 10 days of the relevant payment dates in the absence of an extension of an interest payment period would constitute an Event of Default (as defined under "Description of the Junior Subordinated Debentures -- Events of Default" in the accompanying Prospectus) under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures. American General has agreed, among other things, not to declare or pay any dividend on any of its capital stock at any time that American General has exercised its option to extend an interest payment period on the Series A Junior Subordinated Debentures and such extension is continuing or any Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures shall have occurred and be continuing. See "Description of the Guarantees -- Certain Covenants of American General" in the accompanying Prospectus.

Dividends declared on the Series A Preferred Securities will be payable to the holders thereof as they appear on the books and records of American General Delaware on the relevant record dates, which, if and so long as the Series A Preferred Securities are in book-entry form, will be one Business Day (as defined below) prior to the related payment dates. Subject to any applicable laws and regulations and the LLC Agreement and the Series A Declaration, each such payment will be made as described under "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying Prospectus. In the event that the Series A Preferred Securities shall not continue to remain in book-entry form, the Manager shall have the right to select relevant record dates that are more than one Business Day prior to the related payment dates. If any date on which dividends are payable on the Series A Preferred Securities is not a Business Day, then payment of the

dividend payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day is in the next succeeding calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. A "Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

The failure of holders of the Series A Preferred Securities to receive dividends thereon in full (including arrearages and any Additional Dividends thereon) for 15 consecutive months (including any such failure caused by an extension of an interest payment period on the Series A Junior Subordinated Debentures) would trigger the right of holders of a majority of the aggregate liquidation preference of the Series A Preferred Securities then outstanding, voting at a special meeting called for such purpose or by written consent, to direct Chemical Mellon Shareholder Services, LLC, as the conversion and exchange agent for the Series A Preferred Securities (the "Conversion Agent"), to exchange all (but not less than all) of the Series A Preferred Securities then outstanding for Series A Junior Subordinated Debentures and, immediately thereafter, to exchange such Series A Junior Subordinated Debentures, on behalf of such holders, for shares of American General Series A Preferred Stock, at the Exchange Price. "Exchange Price" means one share of American General Series A Preferred Stock for each \$50 principal amount of Series A Junior Subordinated Debentures (which rate of exchange is equivalent to one share of American General Series A Preferred Stock for each Series A Preferred Security). See "-- Optional Exchange for American General Series A Preferred Stock."

Additional Dividends. Upon any dividend arrearages in respect of the Series A Preferred Securities, American General Delaware will be required to declare and pay additional dividends on the Series A Preferred Securities in order to provide, in effect, monthly compounding on such dividend arrearages. The amounts payable to effect such monthly compounding on dividend

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arrearages in respect of the Series A Preferred Securities are referred to herein as "Additional Dividends."

Certain Restrictions on American General Delaware. If accumulated dividends (including Additional Dividends) have not been paid in full on the Series A Preferred Securities, American General Delaware may not:

(i) pay, or declare and set aside for payment, any dividends on the Preferred Securities of any other series or any other limited liability company interests in American General Delaware ranking pari passu with the Series A Preferred Securities as to the payment of dividends ("Dividend Parity Securities"), unless the amount of any dividends declared on such Dividend Parity Securities is paid on such Dividend Parity Securities and the Series A Preferred Securities on a pro rata basis on the date such dividends are paid on such Dividend Parity Securities, so that the ratio of (x) (A) the aggregate amount paid as dividends on the Series A Preferred Securities to (B) the aggregate amount paid as dividends on such Dividend Parity Securities is the same as the ratio of (y) (A) the aggregate amount of all accumulated arrears of unpaid dividends on the Series A Preferred Securities to (B) the aggregate amount of all accumulated arrears of unpaid dividends on such Dividend Parity Securities;

(ii) pay, or declare and set aside for payment, any dividends on any limited liability company interests in American General Delaware ranking junior to the Series A Preferred Securities as to the payment of dividends ("Dividend Junior Securities"); or

(iii) redeem, purchase, or otherwise acquire any Dividend Parity Securities or Dividend Junior Securities (other than purchases or acquisitions resulting from the reclassification of such securities or the exchange or conversion of any Dividend Parity Security or Dividend Junior Security pursuant to the terms thereof or the purchase of fractional interests therein upon such conversion or exchange);

until, in each case, such time as all accumulated and unpaid dividends (including Additional Dividends) on all of the Series A Preferred Securities shall have been paid in full or have been irrevocably set aside for payment in full for all dividend periods terminating on or prior to, in the case of clauses (i) and (ii), the date of such payment, and in the case of clause (iii), the date of such redemption, purchase, or other acquisition.

CONVERSION RIGHTS

General. The Series A Preferred Securities will be convertible at any time prior to the Conversion Expiration Date, at the option of the holders thereof and in the manner described below, into shares of American General Common Stock at an initial conversion rate of _____ shares of American General Common Stock for each Series A Preferred Security (equivalent to a conversion price of \$ _____ per share of American General Common Stock), subject to adjustment as described under "-- Conversion Price Adjustments" below. Whenever American General issues shares of American General Common Stock upon conversion of Series A Preferred Securities, American General will issue, together with each such share of American General Common Stock, one right entitling the holder thereof, under certain circumstances, to purchase Series A Junior Participating Preferred Stock of American General (or other securities in lieu thereof) pursuant to the Rights Agreement, dated as of July 27, 1989, between the Company and First Chicago Trust Company of New York, as amended, or any similar rights issued to holders of American General Common Stock in addition thereto or in replacement thereof (such rights, together with any additional or replacement rights, being collectively referred to as the "Rights"), whether or not such Rights shall be exercisable at such time, but only if such Rights are issued and outstanding and held by other holders of American General Common Stock (or are evidenced by outstanding share certificates representing American General Common Stock) at such time and have not expired or been redeemed. See "Description of American General Common Stock -- Preferred Share

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Purchase Rights" in the accompanying Prospectus. The Series A Declaration provides that a holder of a Series A Preferred Security wishing to exercise its conversion right shall surrender such Series A Preferred Security, together with an irrevocable conversion notice, to the Conversion Agent, which shall, on behalf of such holder, exchange such Series A Preferred Security for \$50 principal amount of the Series A Junior Subordinated Debentures and immediately convert such Series A Junior Subordinated Debentures into American General Common Stock. Holders may obtain copies of the required form of the conversion notice from the Conversion Agent. So long as a book-entry system for the Series A Preferred Securities is in effect, however, procedures for converting the Series A Preferred Securities into shares of American General Common Stock will differ, as described in the accompanying Prospectus under "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company."

Holders of Series A Preferred Securities at the close of business on a dividend record date will be entitled to receive any declared dividend on such Series A Preferred Securities with respect to the corresponding dividend payment date notwithstanding the conversion of such Series A Preferred Securities following such dividend record date but prior to such dividend payment date. Except as provided in the immediately preceding sentence, neither American General Delaware nor American General will make, or be required to make, any payment, allowance or adjustment for accumulated and unpaid dividends, whether or not in arrears, on converted Series A Preferred Securities. American General will make no payment or allowance for dividends on the shares of American General Common Stock issued upon such conversion, except to the extent that such shares of American General Common Stock are held of record on the record date for any such dividends. Each conversion will be deemed to have been effected immediately prior to the close of business on the day on which the related conversion notice was received by the Conversion Agent.

No fractional shares of American General Common Stock will be issued as a result of conversion, but in lieu thereof such fractional interest will be paid by American General in cash based on the Current Market Price of the American General Common Stock on the date such shares are surrendered for conversion.

Expiration of Conversion Rights. On and after _____, _____, American General Delaware may, at its option, cause the conversion rights of holders of Series A Preferred Securities to expire if (i) American General Delaware has paid in full all accumulated and unpaid dividends (whether or not earned or declared), including Additional Dividends, on the Series A Preferred Securities for all dividend periods terminating on or prior to such date and (ii) for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, the Current Market Price of American General Common Stock shall have exceeded 120% of the conversion price, subject to adjustment in certain circumstances. In order to exercise its conversion expiration option, American General Delaware must issue a press release for publication on the Dow Jones News Service prior to the opening of business on the second trading day after a period in which the conditions in the preceding sentence have been met, but in no event prior to _____,

. The press release shall specify the Conversion Expiration Date (as determined in the manner set forth below) and provide the conversion price and the Current Market Price of American General Common Stock, in each case as of the close of business on the trading day next preceding the date of the press release. American General has the right to cause American General Delaware to exercise its conversion expiration option.

Notice of the expiration of conversion rights will be given by first-class mail to the holders of Series A Preferred Securities not more than four Business Days after American General Delaware issues the press release. The "Conversion Expiration Date" will be the close of business on a date selected by American General Delaware which is not less than 30 nor more than 60 calendar days after the date on which American General Delaware issues the press release announcing its intention to terminate conversion rights of the holders of Series A Preferred Securities; provided, however, that if American General Delaware has not exercised its conversion expiration option, the Conversion Expiration Date with respect to any Series A Preferred Securities which are called for

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redemption will be the close of business on the third Business Day prior to the scheduled date for such redemption.

The term "Current Market Price" of American General Common Stock for any day means the reported last sale price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the NYSE Composite Tape, or, if the American General Common Stock is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which the American General Common Stock is listed or admitted to trading, or if the American General Common Stock is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if the American General Common Stock is not quoted or admitted to trading on such quotation system, on the principal quotation system on which the American General Common Stock is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, the average of the closing bid and asked prices of the American General Common Stock in the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or, if not so available in such manner, as furnished by any NYSE member firm selected from time to time by the Board of Directors of American General for that purpose or, if not so available in such manner, as otherwise determined in good faith by such Board of Directors.

Conversion Price Adjustments -- General. The conversion price will be subject to adjustment in certain events including, without duplication: (i) the payment of dividends (and other distributions) payable in American General Common Stock on any class of capital stock of American General; (ii) the issuance to all holders of American General Common Stock of rights (other than Rights) or warrants entitling holders of such rights or warrants to subscribe for or purchase American General Common Stock at less than the then Current Price (as defined below); (iii) subdivisions and combinations of American General Common Stock; (iv) the payment of dividends (and other distributions) to all holders of American General Common Stock consisting of evidences of indebtedness of American General, securities or capital stock, cash, or assets (including securities, but excluding (x) those dividends, distributions, rights and warrants referred to in clauses (i) and (ii), (y) any regular cash dividend that does not exceed the per share amount of the immediately preceding regular cash dividend (as adjusted to reflect certain of the other events referred to in this sentence) and (z) any other dividends or distributions (cash or otherwise) if the per share amount thereof, when added to the per share amount of other distributions made in the preceding 12 months (other than those distributions that resulted in a conversion price adjustment and certain other exceptions), does not exceed 15% of the Current Price per share of American General Common Stock on the trading day immediately preceding the date of declaration of such dividend; and (v) payment to holders of American General Common Stock in respect of a tender or exchange offer (other than an odd-lot offer) by American General or any majority owned subsidiary of American General for American General Common Stock at a price in excess of 110% of the Current Price per share of American General Common Stock on the trading day next succeeding the last date tenders or exchanges may be made pursuant to such tender or exchange offer. The "Current Price" per share of American General Common Stock on any date means, subject to certain adjustments, the average of the daily closing prices for the five consecutive trading days selected by American General commencing not more than 20 trading days before such day or the relevant "ex" date.

American General from time to time may reduce the conversion price of the

Series A Junior Subordinated Debentures (and thus the conversion price of the Series A Preferred Securities) by any amount selected by American General for any period of at least 20 days, in which case American General shall give at least 15 days' notice of such reduction. American General may, at its option, make such reductions in the conversion price, in addition to those set forth above, as the Board of Directors deems advisable to avoid or diminish any income tax to holders of American General

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Common Stock (or holders of rights to acquire American General Common Stock or securities convertible into American General Common Stock) resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. See "Certain Federal Income Tax Considerations -- Adjustment of Conversion Price."

No adjustment of the conversion price will be made upon the issuance of any shares of American General Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of American General and the investment of additional optional amounts in shares of American General Common Stock under any such plan, or the issuance of any shares of American General Common Stock or options or rights to purchase such shares pursuant to any present or future employee, director, or consultant benefit plan, program or agreement of American General or a subsidiary of American General or pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the date the terms of the Series A Junior Subordinated Debentures were first established. The distribution or exercise of Rights will not result in an adjustment of the conversion price. There shall also be no adjustment of the conversion price in case of the issuance of any American General capital stock (or securities convertible into or exchangeable for American General capital stock), except as specifically described above. If any action would require adjustment of the conversion price pursuant to more than one of the anti-dilution provisions, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value to holders of the Series A Preferred Securities. No adjustment in the conversion price will be required unless such adjustment would require an increase or decrease of at least 1% of the conversion price, but any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment.

Conversion Price Adjustments -- Merger, Consolidation or Sale of Assets of American General. In the event that American General is a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the assets of American General, recapitalization or reclassification of American General Common Stock or any compulsory share exchange (each of the foregoing, and any other transaction, being referred to as a "Transaction")), in each case, as a result of which shares of American General Common Stock shall be converted into the right (i) in the case of any Transaction other than a Transaction involving a Common Stock Fundamental Change (as defined herein), to receive securities, cash or other property, each Series A Preferred Security shall thereafter be convertible into the kind and amount of securities, cash and other property receivable upon the consummation of such Transaction by a holder of that number of shares of American General Common Stock into which a Series A Preferred Security was convertible immediately prior to such Transaction, or (ii) in the case of a Transaction involving a Common Stock Fundamental Change, to receive common stock of the kind received by holders of American General Common Stock (but in each case after giving effect to any adjustment discussed below relating to a Fundamental Change if such Transaction constitutes a Fundamental Change). The holders of Series A Preferred Securities will have no voting rights with respect to any Transaction described in this section.

If any Fundamental Change occurs, then the conversion price in effect will be adjusted immediately after such Fundamental Change as described below. In addition, in the event of a Common Stock Fundamental Change, each Series A Preferred Security shall be convertible solely into common stock of the kind received by holders of American General Common Stock as a result of such Common Stock Fundamental Change.

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The conversion price in the case of any Transaction involving a Fundamental Change will be adjusted immediately after such Fundamental Change:

(i) in the case of a Non-Stock Fundamental Change (as defined herein), the conversion price of the Series A Preferred Securities will thereupon become the lower of (A) the conversion price in effect immediately prior to such Non-Stock Fundamental Change, but after giving effect to any other prior adjustments, and (B) the result obtained by multiplying the greater of the Applicable Price (as defined herein) or the then applicable Reference Market Price (as defined herein) by a fraction of which the numerator will be \$ and the denominator will be the amount set forth below (based on the date such Non-Stock Fundamental Change occurs):

<TABLE> <CAPTION>	
TWELVE MONTHS ENDING,	DENOMINATOR
-----	-----
<S>	<C>
1996.....	\$
1997.....	
1998.....	
1999.....	

<CAPTION>	
TWELVE MONTHS ENDING,	DENOMINATOR
-----	-----
<S>	<C>
2000.....	\$
2001.....	
2002.....	
2003 and thereafter....	

</TABLE>

; and

(ii) in the case of a Common Stock Fundamental Change, the conversion price of the Series A Preferred Securities in effect immediately prior to such Common Stock Fundamental Change, but after giving effect to any other prior adjustments, will thereupon be adjusted by multiplying such conversion price by a fraction of which the numerator will be the Purchaser Stock Price (as defined herein) and the denominator will be the Applicable Price; provided, however, that in the event of a Common Stock Fundamental Change in which (A) 100% of the value of the consideration received by a holder of American General Common Stock is common stock of the successor, acquiror, or other third party (and cash, if any, is paid only with respect to any fractional interests in such common stock resulting from such Common Stock Fundamental Change) and (B) all of the American General Common Stock will have been exchanged for, converted into, or acquired for common stock (and cash with respect to fractional interests) of the successor, acquiror, or other third party, the conversion price of the Series A Preferred Securities in effect immediately prior to such Common Stock Fundamental Change will thereupon be adjusted by multiplying such conversion price by a fraction of which the numerator will be one and the denominator will be the number of shares of common stock of the successor, acquiror, or other third party received by a holder of one share of American General Common Stock as a result of such Common Stock Fundamental Change.

In the absence of the Fundamental Change provisions, in the case of a Transaction each Series A Preferred Security would become convertible into the securities, cash, or property receivable by a holder of the number of shares of American General Common Stock into which such Series A Preferred Security was convertible immediately prior to such Transaction. Thus, in the absence of the Fundamental Change provisions, a Transaction could substantially lessen or eliminate the value of the conversion privilege associated with the Series A Preferred Securities. For example, if American General were acquired in a cash merger, each Series A Preferred Security would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the future prospects of American General and other factors.

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The foregoing conversion price adjustments are designed, in "Fundamental Change" transactions where all or substantially all the American General Common Stock is converted into securities, cash, or property and not more than 50% of the value received by the holders of American General Common Stock consists of stock listed or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the National Market System of the National Association of Securities Dealers, Inc. (a "Non-Stock Fundamental Change," as defined herein), to increase the securities, cash, or property into which each Series A Preferred Security is convertible.

In a Non-Stock Fundamental Change transaction where the initial value received per share of American General Common Stock (measured as described in the definition of Applicable Price below) is lower than the then applicable conversion price of the Series A Preferred Security but greater than or equal to the Reference Market Price (as defined herein), the conversion price will be adjusted as described above with the effect that each Series A Preferred Security will be convertible into securities, cash or property of the same type received by the holders of American General Common Stock in such transaction but in an amount per Series A Preferred Security equal to the amount indicated as the denominator as of the date of such transaction as set forth in clause (i) above with respect to conversion prices for Non-Stock Fundamental Changes.

In a Non-Stock Fundamental Change transaction where the initial value received per share of American General Common Stock (measured as described in the definition of Applicable Price below) is lower than both the conversion price of a Series A Preferred Security and the Reference Market Price, the conversion price will be adjusted as described above but calculated as though such initial value had been the Reference Market Price.

In a Fundamental Change transaction where all or substantially all the American General Common Stock is converted into securities, cash, or property and more than 50% of the value received by the holders of American General Common Stock consists of listed or National Market System traded common stock (a "Common Stock Fundamental Change," as defined herein), the foregoing adjustments are designed to provide in effect that (a) where American General Common Stock is converted partly into such common stock and partly into other securities, cash, or property, each Series A Preferred Security will be convertible solely into a number of shares of such common stock determined so that the initial value of such shares (measured as described in the definition of Purchaser Stock Price below) equals the value of the shares of American General Common Stock into which such Series A Preferred Security was convertible immediately before the transaction (measured as aforesaid) and (b) where American General Common Stock is converted solely into such common stock, each Series A Preferred Security will be convertible into the same number of shares of such common stock receivable by a holder of the number of shares of American General Common Stock into which such Series A Preferred Security was convertible immediately before such transaction.

The term "Applicable Price" means (i) in the case of a Non-Stock Fundamental Change in which the holders of the American General Common Stock receive only cash, the amount of cash received by the holder of one share of American General Common Stock and (ii) in the event of any other Non-Stock Fundamental Change or any Common Stock Fundamental Change, the average of the Closing Prices (as defined herein) for the American General Common Stock during the ten consecutive trading days prior to and including the record date for the determination of the holders of American General Common Stock entitled to receive such securities, cash, or other property in connection with such Non-Stock Fundamental Change or Common Stock Fundamental Change or, if there is no such record date, the date upon which the holders of the American General Common Stock shall have the right to receive such securities, cash, or other property (such record date or distribution date being hereinafter referred to as the "Entitlement Date"), in each case as adjusted in good faith by American General to appropriately reflect any of the events referred to in clauses (i) through (v) of the first paragraph under "-- Conversion Price Adjustments -- General."

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The term "Closing Price" of any common stock on any day means the reported last sale price, regular way, on such day, or, if no such sale takes place on such day, the average of the reported closing bid and asked prices on such day regular way, in either case as reported on the principal national securities exchange on which such common stock is listed or admitted to trading, or if such common stock is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if such common stock is not quoted or admitted to trading on such quotation system, on the principal quotation system on which such common stock is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, the average of the closing bid and asked prices of such common stock in the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or, if not so available in such manner, as furnished by any NYSE member firm selected from time to time by the Board of Directors of American General for that purpose or, if not so available in such manner, as otherwise determined in good faith by the Board of Directors of American General.

The term "Common Stock Fundamental Change" means any Fundamental Change in which more than 50% of the value (as determined in good faith by the Board of Directors of American General) of the consideration received by holders of American General Common Stock consists of common stock that for each of the ten consecutive trading days prior to the Entitlement Date has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the National Market System of the National Association of Securities Dealers, Inc.; provided, however, that a Fundamental Change shall not be a Common Stock Fundamental Change unless either (i) American General continues to exist after the occurrence of such Fundamental Change and the outstanding Series A Junior Subordinated Debentures continue to exist as outstanding Series A Junior Subordinated Debentures, or (ii) not later than the occurrence of such Fundamental Change, the outstanding Series A Junior Subordinated Debentures are converted into or exchanged for convertible subordinated debentures of the entity succeeding to the business of American General, which convertible subordinated debentures have terms substantially similar to those of the Series A Junior Subordinated Debentures.

The term "Fundamental Change" means the occurrence of any transaction or event in connection with a plan pursuant to which all or substantially all of the American General Common Stock shall be exchanged for, converted into, acquired for or constitute solely the right to receive securities, cash or other property (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization, or otherwise), provided, however, that, in the case of a plan involving more than one such transaction or event, for purposes of adjustment of the conversion price, such Fundamental Change shall be deemed to have occurred when substantially all of the American General Common Stock shall be exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property, but the adjustment shall be based upon the highest weighted average per share consideration that a holder of American General Common Stock could have received in such transactions or events as a result of which more than 50% of the American General Common Stock shall have been exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property.

The term "Non-Stock Fundamental Change" means any Fundamental Change other than a Common Stock Fundamental Change.

The term "Purchaser Stock Price" means, with respect to any Common Stock Fundamental Change, the average of the Closing Prices for the common stock received in such Common Stock Fundamental Change for the ten consecutive trading days prior to and including the Entitlement Date, as adjusted in good faith by the Board of Directors of American General to appropriately reflect any of the events referred to in clauses (i) through (v) of the first paragraph under "-- Conversion Price Adjustments -- General."

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The term "Reference Market Price" shall initially mean \$ (which is an amount equal to 66 2/3% of the reported last sale price for American General Common Stock on the NYSE Composite Tape on May , 1995) and in the event of any adjustment to the conversion price other than as a result of a Non-Stock Fundamental Change, the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the conversion price after giving effect to any such adjustment shall always be the same as the ratio of \$ to the initial conversion price.

SPECIAL EVENT EXCHANGE FOR SERIES A JUNIOR SUBORDINATED DEBENTURES

At any time after the occurrence of a Tax Event or an Investment Company Event (each, a "Special Event"), American General Delaware (subject to the prior consent of American General), upon not less than 30 nor more than 60 calendar days' notice to American General and to the holders of Series A Preferred Securities, may exchange, in whole but not in part, the Series A Preferred Securities for Series A Junior Subordinated Debentures having an aggregate principal amount and accrued and unpaid interest equal to the aggregate liquidation preference plus accumulated and unpaid dividends (whether or not earned or declared), including Additional Dividends, to the date fixed for exchange, respectively, of the Series A Preferred Securities (a "Special Event Exchange"). In connection with any Special Event Exchange, American General Delaware may be liquidated, dissolved or wound-up. Upon any Special Event

Exchange, American General will use its best efforts to have the Series A Junior Subordinated Debentures listed on the NYSE or other exchange on which the Series A Preferred Securities may then be listed. American General has the right to cause American General Delaware to exercise its right to effect a Special Event Exchange.

"Tax Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the interpretation of any law or regulation by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that American General Delaware or American General shall have received an opinion of nationally recognized independent legal counsel experienced in such matters that, as a result of such change, there exists more than an insubstantial risk that (i) American General Delaware will be subject to federal income tax with respect to the interest received on the Series A Junior Subordinated Debentures, (ii) American General will be precluded from deducting the interest paid on the Series A Junior Subordinated Debentures for federal income tax purposes or (iii) American General Delaware will be subject to more than a de minimis amount of other taxes, duties or other governmental charges.

"Investment Company Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the interpretation of any law or regulation by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that American General Delaware or American General shall have received an opinion of nationally recognized independent legal counsel experienced in practice under the Investment Company Act of 1940, as amended (the "1940 Act") that, as a result of such change, there exists more than an insubstantial risk that American General Delaware is or will be considered an "investment company" which is required to be registered under the 1940 Act.

After the date fixed for any Special Event Exchange, (i) the Series A Preferred Securities will no longer be deemed to be outstanding, (ii) any global certificate or certificates representing Series A Preferred Securities held by DTC or its nominee will be exchanged for a registered global certificate

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or certificates representing the Series A Junior Subordinated Debentures to be delivered upon such exchange, (iii) any certificates representing Series A Preferred Securities not held by DTC or its nominee and not surrendered for exchange will be deemed to represent Series A Junior Subordinated Debentures having a principal amount and accrued and unpaid interest equal to the liquidation preference plus accumulated and unpaid dividends (including Additional Dividends), respectively, of such Series A Preferred Securities until such certificates are surrendered to American General Delaware or its agent for exchange (and until such certificates are so surrendered, no payments of interest or principal will be made with respect to such Series A Junior Subordinated Debentures) and (iv) all rights of the holders of the Series A Preferred Securities will cease, except the right of such holders to receive the Series A Junior Subordinated Debentures upon surrender of certificates representing the Series A Preferred Securities.

OPTIONAL EXCHANGE FOR AMERICAN GENERAL SERIES A PREFERRED STOCK

Upon the occurrence of an Exchange Event (as defined herein), the holders of a majority of the aggregate liquidation preference of the Series A Preferred Securities then outstanding, voting at a meeting of the holders of the Series A Preferred Securities called for such purpose or by written consent, may, at their option, direct the Conversion Agent to exchange all (but not less than all) of the Series A Preferred Securities for Series A Junior Subordinated Debentures and to immediately exchange such Series A Junior Subordinated Debentures, on behalf of such holders, for shares of American General Series A Preferred Stock at the Exchange Price. If the Series A Preferred Securities are so exchanged for American General Series A Preferred Stock, American General will use its best efforts to have the American General Series A Preferred Stock listed on the NYSE or other exchange on which the Series A Preferred Securities may then be listed.

The American General Series A Preferred Stock issued upon any such exchange will have dividend, optional redemption, liquidation and conversion provisions and certain other terms substantially similar to the terms of the Series A Preferred Securities, except that, among other things, the holders of American General Series A Preferred Stock will be entitled (voting separately as a class together with the holders of shares of any series of capital stock of American General ranking pari passu with the American General Series A Preferred Stock as to payment of dividends on which like voting rights have been conferred and are exercisable) to elect two additional directors of American General if dividends on such stock are in arrears for 18 or more consecutive months (including for this purpose any arrearage with respect to the Series A Preferred Securities), no interest will accumulate or be payable on any dividend arrearages on the American General Series A Preferred Stock and the American General Series A Preferred Stock will not be subject to mandatory redemption. See "Description of American General Series A Preferred Stock." The terms of the American General Series A Preferred Stock provide that all accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, on the Series A Preferred Securities that are not paid at the time of making an Exchange Election (as defined herein) shall be treated as accumulated and unpaid dividends on the American General Series A Preferred Stock. See "Description of American General Series A Preferred Stock." For a discussion of the taxation of such an exchange to holders, including the possibility that holders who exchange their Series A Preferred Securities for American General Series A Preferred Stock may be subject to additional income tax to the extent accrued but unpaid interest on the Series A Junior Subordinated Debentures is converted into accumulated and unpaid dividends on the American General Series A Preferred Stock received in exchange for the Series A Preferred Securities, see "Certain Federal Income Tax Considerations -- Exchange of Series A Preferred Securities for American General Stock."

The failure of holders of Series A Preferred Securities to receive, for 15 consecutive months, the full amount of dividend payments (including arrearages and any Additional Dividends thereon) on the Series A Preferred Securities will constitute an "Exchange Event." As soon as practicable, but in no event later than 30 calendar days after the occurrence of an Exchange Event, the Manager will,

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upon not less than 15 calendar days' written notice by first-class mail to the holders of Series A Preferred Securities, convene a meeting of such holders (an "Exchange Election Meeting") to determine whether to cause the Conversion Agent to exchange all Series A Preferred Securities then outstanding for shares of American General Series A Preferred Stock in the manner described above. If the Manager fails to convene such Exchange Election Meeting within such 30-day period, the holders of at least 10% of the aggregate liquidation preference of the Series A Preferred Securities then outstanding will be entitled to convene such Exchange Election Meeting. Upon the affirmative vote of the holders of a majority of the aggregate liquidation preference of the Series A Preferred Securities then outstanding at such Exchange Election Meeting or, in the absence of such meeting, upon receipt by American General Delaware of written consents signed by the holders of a majority of the aggregate liquidation preference of the Series A Preferred Securities then outstanding, an election to exchange all outstanding Series A Preferred Securities as described above (an "Exchange Election") will be deemed to have been made.

Holders of Series A Preferred Securities, by purchasing such Series A Preferred Securities, will be deemed to have agreed to be bound by these optional exchange provisions in regard to the exchange of such Series A Preferred Securities for American General Series A Preferred Stock on the terms described above.

REDEMPTION

The Series A Preferred Securities will be redeemable at the option of American General Delaware (subject to the prior consent of American General), in whole or in part, from time to time, on or after , 2003, at the Redemption Price. In addition, if at any time following the Conversion Expiration Date, less than 10% of the Series A Preferred Securities issued in the Offering remains outstanding, the Series A Preferred Securities will be redeemable at the option of American General Delaware (subject to the prior consent of American General), in whole but not in part, at the Redemption Price. American General Delaware may not redeem the Series A Preferred Securities in part unless all accumulated and unpaid dividends (whether or not earned or declared), including Additional Dividends, have been paid in full on all Series

A Preferred Securities for all monthly dividend periods terminating on or prior to the date of redemption. American General has the right to cause American General Delaware to exercise such redemption rights.

Upon repayment by American General of the principal of the Series A Junior Subordinated Debentures at stated maturity, earlier redemption or otherwise, including as a result of the acceleration of Series A Junior Subordinated Debentures upon the occurrence of an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures, the Series A Preferred Securities will be subject to mandatory redemption, in whole but not in part, by American General Delaware and the proceeds from such repayment will be applied to redeem the Series A Preferred Securities at the Redemption Price (unless such proceeds are used to fund the aggregate Liquidation Distributions (as defined herein) on the Series A Preferred Securities in connection with the liquidation, dissolution or winding-up of American General Delaware). In the case of such repayment, the Series A Preferred Securities will only be redeemed when repayment of the Series A Junior Subordinated Debentures has actually been received by American General Delaware.

Subject to applicable law (including, without limitation, United States federal securities laws), American General or its subsidiaries may at any time and from time to time purchase outstanding Series A Preferred Securities by tender, in the open market or otherwise.

Notice of any redemption (optional or mandatory) of Series A Preferred Securities (which notice will be irrevocable) will be given by American General Delaware to American General and each record holder of Series A Preferred Securities that are being redeemed not fewer than 30 nor more than 60 calendar days prior to the date fixed for redemption thereof. If American General Delaware gives a notice of redemption, then on the redemption date American General Delaware will

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irrevocably deposit with DTC or the Paying Agent, as the case may be, sufficient funds to pay the Redemption Price for the Series A Preferred Securities to be redeemed and give DTC or the Paying Agent, as the case may be, irrevocable instructions and authority to pay the Redemption Price to the holders of the Series A Preferred Securities to be redeemed. See "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying Prospectus. If notice of redemption has been given and funds irrevocably deposited with DTC or the Paying Agent, as the case may be, as required, then immediately prior to the close of business on the date of such deposit, all rights of holders of the Series A Preferred Securities so called for redemption will cease, except the right of such holders to receive the Redemption Price, but without additional interest from and after such redemption date. In the event that any date fixed for redemption is not a Business Day, then payment of the Redemption Price payable on such date will be made the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day. In the event that payment of the Redemption Price is improperly withheld or refused and not paid by either American General Delaware or American General (pursuant to the Guarantee), dividends on the Series A Preferred Securities called for redemption (including any Additional Dividends thereon) will continue to accumulate at the then applicable rate, from the original redemption date to the date that the Redemption Price is actually paid and the holders of such Series A Preferred Securities may exercise all of their rights as holders of Series A Preferred Securities.

LIQUIDATION RIGHTS

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of American General Delaware other than in connection with or after the exchange of the Series A Preferred Securities for the American General Series A Preferred Stock in the manner described under "-- Optional Exchange for American General Series A Preferred Stock" or for Series A Junior Subordinated Debentures in the manner described under "-- Special Event Exchange for Series A Junior Subordinated Debentures," the holders of Series A Preferred Securities then outstanding will be entitled to receive out of the assets of American General Delaware legally available for distribution to the holders of limited liability company interests, after satisfaction of liabilities to creditors as required by the LLC Act but before any distribution of assets is made to holders of any Common Securities or any other class of limited liability company interests in American General Delaware ranking junior to the Series A Preferred Securities as to the distribution of assets upon liquidation, dissolution or winding-up of American General Delaware, but together with the holders of Preferred Securities of any other series or any other limited liability company

interests in American General Delaware then outstanding ranking pari passu with the Series A Preferred Securities as to the distribution of assets upon liquidation, dissolution or winding-up ("Liquidation Parity Securities"), an amount equal to the liquidation preference of \$50 per Series A Preferred Security plus all accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date of payment (the "Liquidation Distribution").

If, upon any such liquidation, dissolution or winding-up, the Liquidation Distributions can be paid only in part because American General Delaware has insufficient assets available to pay in full the aggregate Liquidation Distributions on the Series A Preferred Securities and the aggregate maximum liquidation distributions on the Liquidation Parity Securities, then the amounts payable directly by American General Delaware on the Series A Preferred Securities and on such Liquidation Parity Securities shall be paid on a pro rata basis, so that the ratio of (i) (A) the aggregate amount paid as Liquidation Distributions on the Series A Preferred Securities to (B) the aggregate amount paid as liquidation distributions on the Liquidation Parity Securities, is the same as the ratio of (ii) (A) the aggregate Liquidation Distributions on the Series A Preferred Securities to (B) the aggregate maximum liquidation distributions on the Liquidation Parity Securities.

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If, upon any liquidation, dissolution or winding-up of American General Delaware, the holders of Series A Preferred Securities are paid in full the Liquidation Distributions to which they are entitled, then such holders will not be entitled to receive or share in any other assets of American General Delaware thereafter available for distribution to any other holders of limited liability company interests in American General Delaware.

Pursuant to the LLC Agreement, American General Delaware shall be dissolved and its affairs shall be wound up upon the earliest to occur of (i) December 31, 2050 (the expiration of the period fixed for the duration of American General Delaware); (ii) the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Manager or American General (collectively, the "Common Members") or the withdrawal, retirement, resignation or expulsion of either Common Member from American General Delaware or the occurrence of any other event that terminates the continued membership of either Common Member therein under the LLC Act; (iii) the entry of a decree of a judicial dissolution of American General Delaware under the LLC Act; (iv) the decision of the Manager to dissolve American General Delaware (subject to the voting rights of the holders of Series A Preferred Securities described under "Voting Rights" below and of other holders of limited liability company interests in American General Delaware); (v) the election of the Manager, in connection with or after the exchange of all series of Preferred Securities outstanding (in accordance with the written action establishing each such series of Preferred Securities) for the related series of Junior Subordinated Debentures; or (vi) upon the written consent thereto of all holders of outstanding Common Securities and Preferred Securities of American General Delaware.

Any merger, consolidation, replacement, conveyance, transfer or lease effected in accordance with the provisions described under "Merger, Consolidation or Sale of Assets of American General Delaware" below shall not be deemed a liquidation, dissolution or winding-up of American General Delaware for the foregoing purposes.

VOTING RIGHTS

Except as provided below and under "Description of the Guarantees -- Amendments and Assignment" and "Description of the Junior Subordinated Debentures -- Modification of the Junior Subordinated Indenture" in the accompanying Prospectus and as otherwise required by law and provided by the LLC Agreement, the holders of the Series A Preferred Securities will have no voting rights.

If (i) American General Delaware fails to pay dividends in full (including any arrearages and Additional Dividends) on the Series A Preferred Securities for 18 consecutive months; (ii) an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures occurs and is continuing; or (iii) American General is in default under any of its payment or other obligations under the Guarantee with respect to the Series A Preferred Securities, then the holders of outstanding Series A Preferred Securities will be entitled by the vote of a majority in aggregate liquidation preference of such holders to appoint and authorize a special

trustee (a "Special Trustee") to enforce American General Delaware's rights under the Series A Junior Subordinated Debentures against American General, enforce the obligations undertaken with respect to the Series A Preferred Securities by American General under the Guarantee and, to the extent permitted by law, declare and pay dividends on the Series A Preferred Securities to the extent funds of American General Delaware are legally available therefor (but only in the event that American General Delaware's failure to pay dividends on the Series A Preferred Securities is not a consequence of American General's exercise of its right to extend the interest payment period on the Series A Junior Subordinated Debentures). For purposes of determining whether American General Delaware has failed to pay dividends in full for 18 consecutive months, dividends shall be deemed to remain in arrears, notwithstanding any partial payments in respect thereof, until all accumulated and unpaid dividends (including any Additional Dividends) have been or contemporaneously are declared and paid with respect to all monthly dividend periods terminating on or prior to the date of payment of such full cumulative dividends. Not later than 30 calendar days after such

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right to appoint a Special Trustee arises and upon not less than 15 calendar days' written notice by first-class mail to the holders of Series A Preferred Securities, the Manager will convene a meeting to elect a Special Trustee. If the Manager fails to convene such meeting within such 30-day period, the holders of at least 10% of the aggregate liquidation preference of the Series A Preferred Securities will be entitled to convene such meeting. In the event that, at such meeting, holders of less than a majority in aggregate liquidation preference of Series A Preferred Securities vote for such appointment, no Special Trustee shall be appointed. Any Special Trustee shall vacate office immediately if American General Delaware (or American General pursuant to the Guarantee) shall have paid in full all accumulated and unpaid dividends (including any Additional Dividends) on the Series A Preferred Securities or such Event of Default under the Junior Subordinated Indenture or such default under the Guarantee, as the case may be, shall have been cured. Notwithstanding the appointment of any such Special Trustee, American General will retain all rights, including the right to extend the interest payment period from time to time as provided under "Description of the Series A Junior Subordinated Debentures -- Option to Extend Interest Payment Period," and be subject to all obligations under the Junior Subordinated Indenture and as obligor under the Series A Junior Subordinated Debentures, and any such extension would not constitute an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures or enable a holder of Series A Preferred Securities to require the payment of a dividend that has not theretofore been declared.

In furtherance of the foregoing, and without limiting the powers of any Special Trustee so appointed and for the avoidance of any doubt concerning the powers of the Special Trustee, any Special Trustee, in its own name and as trustee of an express trust, may, subject to the applicable provisions of the Junior Subordinated Indenture, institute a proceeding, including, without limitation, any suit in equity, an action at law or other judicial or administrative proceeding, to enforce American General Delaware's creditor rights directly against American General to the same extent as American General Delaware and on behalf of American General Delaware, and may prosecute such proceeding to judgment or final decree, and enforce the same against American General and, subject to any subordination provisions contained in the Junior Subordinated Indenture, collect, out of the property, wherever situated, of American General the monies adjudged or decreed to be payable in the manner and to the extent provided by law.

If any proposed amendment to the LLC Agreement or the Series A Declaration provides for, or the Manager otherwise proposes to effect, (i) any action that would materially adversely affect the powers, preferences or special rights of the Series A Preferred Securities, whether by way of amendment to the LLC Agreement, the Series A Declaration or otherwise, including, without limitation, the authorization or issuance of any limited liability company interests of American General Delaware ranking, as to payment of dividends or distribution of assets upon liquidation, dissolution or winding-up of American General Delaware, senior to the Series A Preferred Securities, (ii) the liquidation, dissolution or winding-up of American General Delaware (in any case other than in connection with the exchange of Series A Preferred Securities for American General Series A Preferred Stock upon the occurrence of an Exchange Event, upon the occurrence of a Special Event Exchange, as described under "-- Merger, Consolidation or Sale of Assets of American General Delaware" or as described in the proviso to the next succeeding sentence), or (iii) the commencement of any voluntary bankruptcy, insolvency, reorganization or other similar proceeding involving American General Delaware, then the holders of outstanding Series A Preferred

Securities will be entitled to vote on such amendment or action of the Manager (but not on any other amendment or action). In the case of an amendment or action described in clause (i) which would materially adversely affect the powers, preferences or special rights of any Dividend Parity Securities or any Liquidation Parity Securities, the holders of such Dividend Parity Securities or such Liquidation Parity Securities, as the case may be, or, in the case of an amendment or action described in clause (ii) or (iii), the holders of all Liquidation Parity Securities, will be entitled to vote with the holders of the Series A Preferred Securities, together as a class, on such amendment or action of the Manager and such amendment or action shall not be effective except with the approval

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of the holders of at least 66 2/3% of the aggregate liquidation preference of such outstanding securities; provided, however, that no such approval shall be required if the liquidation, dissolution or winding-up of American General Delaware is proposed or initiated upon the occurrence of certain of the events specified in the LLC Agreement. See "-- Liquidation Rights."

The powers, preferences or special rights attached to the Series A Preferred Securities will be deemed not to be adversely affected by the creation or issuance of, and no vote will be required for the creation or issuance of, any further limited liability company interests of American General Delaware ranking junior to or pari passu with the Series A Preferred Securities with respect to voting rights or rights to payment of dividends or distribution of assets upon liquidation, dissolution or winding-up of American General Delaware.

So long as any Series A Junior Subordinated Debentures are held by American General Delaware, the Manager shall not (i) at any time in which a Special Trustee has been appointed, direct the time, method and place of conducting any proceeding for any remedy available to the Special Trustee or the Junior Subordinated Trustee, or the exercise of any trust or power conferred on the Special Trustee or the Junior Subordinated Trustee with respect to the Series A Junior Subordinated Debentures, (ii) waive compliance with, or any past default under, the Series A Junior Subordinated Debentures or the Junior Subordinated Indenture (to the extent that the holders of Series A Junior Subordinated Debentures are entitled to the benefits of the covenant or condition waived or breached), (iii) exercise any right to rescind or annul a declaration that the principal of the Series A Junior Subordinated Debentures shall be due and payable, (iv) consent to any amendment or modification of the Series A Junior Subordinated Debentures or of the Junior Subordinated Indenture without, in each case, obtaining the prior approval of the holders of at least 66 2/3% of the aggregate liquidation preference of the Series A Preferred Securities then outstanding; provided, however, that where a waiver or consent under the Series A Junior Subordinated Debentures would require the waiver or consent of each holder affected thereby, no such waiver or consent shall be given by the Manager without the prior consent of each holder of the Series A Preferred Securities. The Manager shall not revoke any action previously authorized or approved by a vote of holders of the Series A Preferred Securities, without the approval of holders of at least 66 2/3% of the aggregate liquidation preference of the Series A Preferred Securities then outstanding (or, if such action required the approval of each holder, then only with the approval of each holder). The Manager shall notify all holders of the Series A Preferred Securities of any notice of default received from the Junior Subordinated Trustee under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures.

Any required approval of holders of the Series A Preferred Securities may be given at a separate meeting of such holders convened for such purpose or at a meeting of holders of limited liability company interests in American General Delaware or pursuant to written consents. The Manager will cause a notice of any meeting at which holders of the Series A Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be mailed to each holder of the Series A Preferred Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any matter on which such holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

Notwithstanding that holders of Series A Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Series A Preferred Securities and any other series of Preferred Securities that are entitled to vote or consent with such Series A Preferred Securities as a single class at such time that are owned by American General or by any entity more than 50% of which is owned by American General, either directly or indirectly, shall not be entitled to vote or consent and shall, for purposes of

such vote or consent, be treated as if they were not outstanding.

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TRANSFER AGENT, REGISTRAR AND PAYING AGENT, AND CONVERSION AGENT

Chemical Mellon Shareholder Services, LLC will act as Transfer Agent, Registrar and Paying Agent, and Conversion Agent for the Series A Preferred Securities, but American General Delaware may designate an additional or substitute Transfer Agent, Registrar and Paying Agent, or Conversion Agent. In the event that the Series A Preferred Securities do not remain in book-entry-only form, registration of transfers of Series A Preferred Securities will be effected without charge by or on behalf of American General Delaware, but upon payment in respect of any tax or other governmental charges which may be imposed in connection therewith (and/or the giving of such indemnity as American General Delaware or the Manager may require with respect thereto). Exchanges of Series A Preferred Securities for Series A Junior Subordinated Debentures will be effected without charge by or on behalf of American General Delaware, but upon payment in respect of any tax or other governmental charges which may be imposed (and/or the giving of such indemnity as American General Delaware or the Manager may require with respect thereto) in connection with the issuance of any Series A Junior Subordinated Debentures in the name of any person other than the registered holder of the Series A Preferred Security for which the Series A Junior Subordinated Debenture is being exchanged or for any reason other than such exchange. American General Delaware will not be required to register or cause to be registered the transfer of Series A Preferred Securities after such Series A Preferred Securities have been called for redemption or exchange.

MERGER, CONSOLIDATION OR SALE OF ASSETS OF AMERICAN GENERAL DELAWARE

American General Delaware may not consolidate with, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to, any entity, except with the prior approval of the holders of not less than 66 2/3% of the aggregate liquidation preference of the Series A Preferred Securities or as described below. American General Delaware may, without the consent of the holders of the Series A Preferred Securities, consolidate with, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to, a limited liability company, limited partnership or trust organized as such under the laws of any state of the United States of America or the District of Columbia, provided that (i) such successor entity either (x) expressly assumes all of the obligations of American General Delaware under the Series A Preferred Securities or (y) substitutes for the Series A Preferred Securities other securities having substantially the same terms as the Series A Preferred Securities (the "Successor Securities") so long as the Successor Securities rank, with respect to participation in the profits or assets of the successor entity, at least as high as the Series A Preferred Securities rank with respect to payment of dividends and distribution of assets upon the liquidation, dissolution or winding-up of American General Delaware, (ii) American General expressly acknowledges such successor entity as the holder of the Series A Junior Subordinated Debentures and its obligations under the Guarantee with respect to the Successor Securities, (iii) such merger, consolidation, replacement, conveyance, transfer or lease does not cause the Series A Preferred Securities (or any Successor Securities) to be delisted (or, in the case of any Successor Securities, to fail to be listed) by any national securities exchange or other organization on which the Series A Preferred Securities are then listed, (iv) such merger, consolidation, replacement, conveyance, transfer or lease does not cause the Series A Preferred Securities (or any Successor Securities) to be downgraded by any nationally recognized statistical rating organization, (v) such merger, consolidation, replacement, conveyance, transfer or lease does not adversely affect the powers, preferences and other special rights of the holders of the Series A Preferred Securities (or any Successor Securities) in any material respect (other than with respect to any dilution of the holders' interest in the new entity), and (vi) prior to such merger, consolidation, replacement, conveyance, transfer or lease, American General has received an opinion of nationally recognized independent legal counsel to American General Delaware experienced in such matters to the effect that (x) such successor entity will be treated as a partnership or as a grantor trust, as appropriate, for federal income tax purposes, (y) following such merger,

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consolidation, replacement, conveyance, transfer or lease, American General and such successor entity will be in compliance with the 1940 Act without

registering thereunder as an investment company and (z) such merger, consolidation, replacement, conveyance, transfer or lease will not adversely affect the limited liability of the holders of the Series A Preferred Securities (or any Successor Securities) or result in federal income tax liability to such holders other than with respect to any fractional share interests converted into cash.

MISCELLANEOUS

The Manager is authorized and directed to conduct its affairs and to operate American General Delaware in such a way that American General Delaware will not be deemed to be an "investment company" required to be registered under the 1940 Act or taxed as a corporation for federal income tax purposes and so that the Series A Junior Subordinated Debentures will be treated as indebtedness of American General for federal income tax purposes. In this connection, the Manager is authorized to take any action not inconsistent with applicable law, the LLC Agreement and the Series A Declaration that does not adversely affect the interests of the holders of the Series A Preferred Securities and that the Manager determines in its discretion to be necessary or desirable for such purposes.

DESCRIPTION OF AMERICAN GENERAL SERIES A PREFERRED STOCK

As described under "Description of the Series A Preferred Securities -- Optional Exchange for American General Series A Preferred Stock" above, the Series A Preferred Securities may be exchanged in certain circumstances by the holders thereof through the Conversion Agent for Series A Junior Subordinated Debentures held by American General Delaware, which will then be immediately converted into shares of American General Series A Preferred Stock. The following summary of the terms and provisions of the American General Series A Preferred Stock supplements the description of the terms of American General Preferred Stock set forth in the accompanying Prospectus under the heading "Description of American General Preferred Stock," to which description reference is hereby made. The summary of certain terms and provisions of the American General Series A Preferred Stock set forth below does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Restated Articles of Incorporation, as amended (the "Articles"), of American General and the Statement of Resolution Establishing Series A Cumulative Convertible Preferred Stock (the "American General Series A Designation") approved by the Board of Directors of American General, or an authorized committee thereof. The Articles and the form of the American General Series A Designation are filed as exhibits to the Registration Statement of which this Prospectus Supplement is a part.

In connection with the offering of the Series A Preferred Securities, the Board of Directors of American General, or an authorized committee thereof, will designate, and American General will keep available, 4,500,000 shares (5,000,000 shares if the Underwriters' over-allotment option is exercised in full) of American General Series A Preferred Stock for issuance upon exchange of the Series A Preferred Securities as described under "Description of the Series A Preferred Securities -- Optional Exchange for American General Series A Preferred Stock." At the time the Series A Preferred Securities are issued, all corporate action required to be taken by American General in connection with the issuance of the American General Series A Preferred Stock upon the making of an Exchange Election by the holders of the Series A Preferred Securities will have been taken by American General. The terms of the American General Series A Preferred Stock (including as to dividends, optional redemption, conversion and liquidation preference) will be substantially similar to those of the Series A Preferred Securities with the following principal exceptions:

(a) all accumulated and unpaid dividends (whether or not earned or declared) (including any Additional Dividends), if any, on the Series A Preferred Securities at the time of the making

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of an Exchange Election will become accumulated and unpaid dividends on the American General Series A Preferred Stock;

(b) no interest will accumulate or be payable on any dividend arrearages on the American General Series A Preferred Stock;

(c) If dividends are not paid on the American General Series A Preferred Stock for 18 consecutive monthly dividend periods (including for this purpose any arrearage with respect to the Series A Preferred

Securities), the number of directors of American General shall be increased by two persons and the holders of American General Series A Preferred Stock will be entitled (voting separately as a class together with the holders of shares of any other series of capital stock of American General ranking pari passu with the American General Series A Preferred Stock as to the payment of dividends on which like voting rights have been conferred and are exercisable) to elect such directors at any regular meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of the American General Series A Preferred Stock. Whenever all arrearages of dividends on the American General Series A Preferred Stock then outstanding shall have been paid or declared and irrevocably set apart for payment, then the right of the holders of the American General Series A Preferred Stock to elect such additional two directors shall cease (but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in dividends) and the terms of office of the directors so elected shall forthwith terminate. At any time after such voting power shall have been so vested in the holders of shares of the American General Series A Preferred Stock, the Secretary of American General may, and upon the written request for a special meeting signed by the holders of least 10% of all outstanding American General Series A Preferred Stock (addressed to the Secretary at the principal office of American General) shall, call a special meeting of the holders of the American General Series A Preferred Stock (and holders of other capital stock of American General entitled to vote in the election of such directors) for the election of the two directors to be elected by them. The Secretary may decline to call such a meeting if the request for such meeting is received less than 45 calendar days before the scheduled date for the next ensuing annual meeting of shareholders. Subject to the preceding sentence, if any such special meeting required to be called shall not be called by the Secretary within 20 calendar days after receipt of any such request, then any holder of American General Series A Preferred Stock may call such meeting;

(d) dividends on the American General Series A Preferred Stock are not subject to a deferral option; however, such dividends need not be declared even if American General has funds legally available therefor and cash on hand sufficient to pay dividends. In the event that American General fails to declare full dividends on the American General Series A Preferred Stock, no dividends will be payable on any other securities of American General ranking pari passu with or junior to such American General Series A Preferred Stock (other than dividends as a result of reclassifications, dividends of share purchase rights issued by American General pursuant to the Rights Agreement or the dividend of similar share purchase rights, dividends payable in shares of American General Common Stock or another class or series of capital stock of American General that is junior to the American General Series A Preferred Stock as to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding-up, and dividends which are paid pro rata to the holders of the American General Series A Preferred Stock and other securities of American General ranking pari passu with the American General Series A Preferred Stock as to the payment of dividends (in proportion to the accumulated and unpaid dividends thereon)); and

(e) the American General Series A Preferred Stock will not be subject to mandatory redemption and, accordingly, may remain outstanding indefinitely.

On and after _____, American General may, at its option, cause the conversion rights of holders of American General Series A Preferred Stock to expire if (i) American General is then

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current in the payment of dividends on the American General Series A Preferred Stock and (ii) for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, the Current Market Price of American General Common Stock has exceeded 120% of the conversion price of the American General Series A Preferred Stock, subject to adjustment in certain circumstances. In order to exercise its conversion expiration option, American General must issue a press release announcing the Conversion Expiration Date of the American General Series A Preferred Stock and give notice by first-class mail to holders of the American General Series A Preferred Stock in the manner provided for holders of Series A Preferred Securities under "Description of the Series A Preferred Securities -- Conversion Rights -- Expiration of Conversion Rights." The "Conversion Expiration Date of the American General Series A Preferred Stock" will be the close of business on a date selected by American

General which is not less than 30 nor more than 60 calendar days after the date on which American General issues the press release announcing its intention to terminate conversion rights of the holders of American General Series A Preferred Stock; provided, however, that if American General has not exercised its conversion expiration option, the Conversion Expiration Date of the American General Series A Preferred Stock with respect to any American General Series A Preferred Stock which is called for redemption will be the close of business on the third Business Day prior to the scheduled date for such redemption.

The American General Series A Preferred Stock will be redeemable, at the option of American General, in whole or in part, from time to time, on not fewer than 30 nor more than 60 calendar days' notice on or after , 2003, at a cash redemption price of \$50 per share plus accumulated and unpaid dividends (whether or not earned or declared). In addition, if at any time following the Conversion Expiration Date of the American General Series A Preferred Stock, less than 10% of the shares of American General Series A Preferred Stock originally issued remains outstanding, the American General Series A Preferred Stock will be redeemable at the option of American General, in whole but not in part, at a cash redemption price of \$50 per share plus accumulated and unpaid dividends (whether or not earned or declared). American General may not redeem the American General Series A Preferred Stock in part unless all accumulated and unpaid dividends (whether or not earned or declared) have been paid in full on all American General Series A Preferred Stock for all monthly dividend periods terminating on or prior to the date of redemption.

The American General Series A Preferred Stock will rank senior to the American General Common Stock with respect to the payment of dividends and distribution of assets upon liquidation, dissolution or winding-up of American General.

In the event of a voluntary or involuntary liquidation, dissolution or winding-up of American General (other than pursuant to a merger or consolidation), the holders of the American General Series A Preferred Stock will be entitled to receive out of the net assets of American General, but before any distribution is made on any class of securities ranking junior to the American General Series A Preferred Stock, \$50 per share in cash plus accumulated and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders. After payment of the full amount of the liquidation distribution to which they are entitled, the holders of shares of the American General Series A Preferred Stock will not be entitled to any further participation in any distribution of assets of American General. In the event that the assets available for distribution are insufficient to pay in full the liquidation preference to the holders of the American General Series A Preferred Stock and any securities ranking pari passu with the American General Series A Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding-up of American General, such holders will share in the remaining assets based on the proportion of their respective liquidation preferences to the aggregate amount of unpaid liquidation preferences.

So long as the Series A Preferred Securities are exchangeable for shares of American General Series A Preferred Stock, American General may not authorize or issue any other class or series of capital stock ranking senior to the American General Series A Preferred Stock as to the payment of dividends or distribution of assets upon liquidation, dissolution or winding-up of American General without the approval of the holders of not less than 66 2/3% of the aggregate liquidation preference of

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the Series A Preferred Securities then outstanding. However, no such vote will be required for the issuance by American General of additional preferred stock ranking pari passu with or junior to the American General Series A Preferred Stock as to the payment of dividends and distribution of assets upon liquidation, dissolution or winding-up of American General.

American General is a holding company and a substantial portion of its revenues are derived from dividends and other payments from its subsidiaries. For a description of certain restrictions on the ability of certain subsidiaries of American General to pay dividends, and other consequences of the holding company structure, see "Investment Considerations -- Subordinate Obligations Under Guarantee and Series A Junior Subordinated Debentures."

DESCRIPTION OF THE SERIES A JUNIOR SUBORDINATED DEBENTURES

Set forth below is a description of the specific terms of the Series A

Junior Subordinated Debentures in which American General Delaware will invest (i) the proceeds of the issuance and sale of the Series A Preferred Securities and (ii) substantially all of the purchase price paid by American General and the Manager for the Common Securities and any related capital contribution (the "Common Securities Payment"). This description supplements the description of the general terms and provisions of the Junior Subordinated Debentures set forth in the accompanying Prospectus under the caption "Description of the Junior Subordinated Debentures." The form of the resolutions of American General's Board of Directors or a special committee thereof establishing the Series A Junior Subordinated Debentures is filed as an exhibit to the Registration Statement of which this Prospectus Supplement is a part.

GENERAL

The Series A Junior Subordinated Debentures will be limited in aggregate principal amount to the sum of the aggregate amount of the proceeds received by American General Delaware from the Offering and the Common Securities Payment less 1% of such sum.

The entire principal amount of the Series A Junior Subordinated Debentures will become due and payable, together with any accrued and unpaid interest thereon, including Additional Interest, if any, on the earlier of

(i) , 2025 or (ii) the date upon which American General Delaware is liquidated, dissolved or wound-up; provided, however, that in the event that the Series A Preferred Securities are exchanged for Series A Junior Subordinated Debentures in the manner described under "Description of the Series A Preferred Securities -- Special Event Exchange for Series A Junior Subordinated Debentures," the Series A Junior Subordinated Debentures will mature on , 2025, notwithstanding that American General Delaware may have liquidated, dissolved or wound-up in connection with or after such exchange.

The Series A Junior Subordinated Debentures are subordinate and junior in right of payment to all Senior Indebtedness of American General in the manner described under the caption "Description of Junior Subordinated Debentures -- Subordination" in the accompanying Prospectus.

INTEREST

Each Series A Junior Subordinated Debenture will bear interest at the rate of % per annum from the original date of issuance, payable monthly in arrears on the last day of each calendar month of each year (each, an "Interest Payment Date"), commencing June 30, 1995. Interest will compound monthly and will accrue at the annual rate of % on any interest installment not paid when due.

The amount of interest payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months and, for any period shorter than a full month, will be computed on the basis of the actual number of days elapsed in such period. In the event that any date on which principal or interest is payable on the Series A Junior Subordinated Debentures is not a Business

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Day, then the required payment to be made on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Interest payments on the Series A Junior Subordinated Debentures will generally be payable to the holders thereof as they appear in the security register maintained pursuant to the Junior Subordinated Indenture on the relevant record dates, which will be one Business Day prior to the relevant interest payment dates; provided, however, that if the Series A Junior Subordinated Debentures are not in book-entry-only form during any period following a Special Event Exchange, the relevant record date during such period will be the fifteenth day of the month with respect to the interest payment that is to be paid on the last day of such month.

OPTION TO EXTEND INTEREST PAYMENT PERIOD

American General will have the right at any time and from time to time during the term of the Series A Junior Subordinated Debentures to extend the interest payment period to a period ending on an Interest Payment Date not exceeding 60 consecutive months, but in no event beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. At the end of any such Extension Period, American General shall pay all interest then accrued and unpaid (together with any Additional Interest (as defined herein)

thereon to the extent permitted by applicable law). Prior to the termination of any Extension Period of less than 60 consecutive months, American General may further extend the interest payment period, provided that such Extension Period, as further extended, does not exceed 60 consecutive months and does not extend beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all amounts then due, American General may select a new Extension Period, subject to the above requirements. No interest will be due during an Extension Period until the Interest Payment Date that is the last day of such Extension Period. During any Extension Period, American General has agreed not to take, and to cause its majority-owned subsidiaries not to take, certain actions as described under "Description of the Junior Subordinated Debentures -- Certain Covenants of American General" in the accompanying Prospectus. American General will give American General Delaware, as holder of the Series A Junior Subordinated Debentures, notice of its selection of any Extension Period one Business Day prior to the earlier of (i) the date the dividends on the Series A Preferred Securities are payable or (ii) the date American General Delaware is required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Series A Preferred Securities of the record date or the date such dividend is payable (which is currently 10 days prior to such date), but in any event not less than one Business Day prior to such record date. The Manager will cause American General Delaware to give notice of American General's selection of such Extension Period to the holders of the Series A Preferred Securities. If the Series A Preferred Securities have been exchanged for the Series A Junior Subordinated Debentures following the occurrence of a Special Event, American General will give the holders of the Series A Junior Subordinated Debentures notice of its selection of any Extension Period not less than two Business Days prior to the record date related to the first interest payment date for which such Extension Period will be effective. If American General selects an Extension Period and thereafter elects to extend the Extension Period, then it is required to give a similar notice prior to the then scheduled end of the Extension Period.

ADDITIONAL INTEREST

American General will be required to pay interest at the rate of % per annum upon any interest that has not been paid on the Series A Junior Subordinated Debentures during an Extension Period. Accordingly, in such circumstances, American General will, to the extent permitted by applicable law, pay interest upon interest in order to provide for monthly compounding on the Series A Junior Subordinated Debentures. The persons entitled to receive such interest shall be the holders of the Series A Junior Subordinated Debentures on the record date for the Interest Payment Date that is

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the last day of the Extension Period. In addition, if at any time prior to an exchange of the Series A Preferred Securities for Series A Junior Subordinated Debentures in connection with a Special Event, American General Delaware shall be required to pay, with respect to its income derived from the interest payments on the Series A Junior Subordinated Debentures, any amounts for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed by the United States (other than withholding taxes), or any other taxing authority, then, in any such case, American General will pay as additional interest such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts received and retained by American General Delaware after the payment of such taxes, duties, assessments or governmental charges (including such taxes, duties, assessments or governmental charges with respect to such Additional Amounts) shall result in American General Delaware's having such funds as it would have had in the absence of the payment of such taxes, duties, assessments or governmental charges. The amounts of interest payable to effect monthly compounding on the Series A Junior Subordinated Debentures, together with any such Additional Amounts, are referred to herein as "Additional Interest."

CONVERSION INTO AMERICAN GENERAL COMMON STOCK

The Series A Junior Subordinated Debentures will be convertible into American General Common Stock at the option of the holders of the Series A Junior Subordinated Debentures at any time on or before the earlier of the Conversion Expiration Date or the Conversion Expiration Date of the Series A Junior Subordinated Debentures (as defined herein) at the initial conversion price of \$ principal amount of Series A Junior Subordinated Debenture per share of American General Common Stock, subject to the conversion price adjustments described under "Description of the Series A Preferred

Securities -- Conversion Rights." Prior to a Special Event Exchange, the procedures for conversion of the Series A Junior Subordinated Debentures for American General Common Stock will be as described under "Description of the Series A Preferred Securities -- Conversion Rights." After a Special Event Exchange and prior to the Conversion Expiration Date of the Series A Junior Subordinated Debentures, a holder of Series A Junior Subordinated Debentures may surrender such Debentures, together with an irrevocable conversion notice, for conversion to the Conversion Agent, which will then convert the surrendered Series A Junior Subordinated Debentures, or the portion thereof to be converted, into shares of American General Common Stock at the then applicable conversion price. No fractional shares will be issued upon conversion. In lieu thereof, cash will be paid by American General based upon the Current Market Price of American General Common Stock on the date the conversion notice was received by the Conversion Agent. Holders of Series A Junior Subordinated Debentures may obtain copies of the required form of conversion notice from the Conversion Agent. American General's delivery to the holders of the Series A Junior Subordinated Debentures (through the Conversion Agent or otherwise) of the whole number of shares of American General Common Stock into which the Series A Junior Subordinated Debentures so delivered are convertible (together with the cash payment, if any, in lieu of fractional shares) will be deemed to satisfy American General's obligation to pay the principal amount of such Series A Junior Subordinated Debentures, and the accrued and unpaid interest thereon, including any Additional Interest (other than any Additional Amounts), and no payment shall be made for accrued interest, whether or not in arrears. If, however, any Series A Junior Subordinated Debenture is converted between a record date for the payment of interest and the related interest payment date, the interest payable with respect to the current monthly interest period on such succeeding interest payment date with respect to such Series A Junior Subordinated Debenture shall be paid despite such conversion. Each conversion will be deemed to have been effected immediately prior to the close of business on the day on which the related conversion notice was received by the Conversion Agent.

On and after _____, (provided that a Special Event Exchange shall have occurred), American General may, at its option, cause the conversion rights of holders of the Series A Junior Subordinated Debentures to expire if (i) American General is then current in the payment of interest

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(without regard to any extension of the interest payment period) on the Series A Junior Subordinated Debentures and (ii) for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, the Current Market Price of American General Common Stock shall have exceeded 120% of the then applicable conversion price of the Series A Junior Subordinated Debentures. In order to exercise its conversion expiration option, American General must issue a press release for publication on the Dow Jones News Service or on a comparable news service announcing the Conversion Expiration Date of the Series A Junior Subordinated Debentures. American General is also required to give notice by first-class mail to holders of the Series A Junior Subordinated Debentures in the manner provided for holders of Series A Preferred Securities under "Description of the Series A Preferred Securities -- Conversion Rights -- Expiration of Conversion Rights." The "Conversion Expiration Date of the Series A Junior Subordinated Debentures" will be the close of business on a date selected by American General which is not less than 30 nor more than 60 calendar days after the date on which such press release is issued; provided, however, that if American General has not exercised its conversion expiration option, the Conversion Expiration Date of the Series A Junior Subordinated Debentures with respect to any principal amount of Series A Junior Subordinated Debentures which is called for redemption will be the close of business on the third Business Day prior to the scheduled date for such redemption and in any other case will be the close of business on the third Business Day prior to the stated maturity date of the Series A Junior Subordinated Debentures.

EXCHANGE OF THE SERIES A JUNIOR SUBORDINATED DEBENTURES

Prior to a Special Event Exchange, the Series A Junior Subordinated Debentures will be exchanged for American General Series A Preferred Stock upon an Exchange Election being made by holders of the Series A Preferred Securities on or before the close of business on the stated maturity date of the Series A Junior Subordinated Debentures at the rate of one share of American General Series A Preferred Stock for each \$50 principal amount of the Series A Junior Subordinated Debentures (equivalent to an exchange rate of one share of American General Series A Preferred Stock for each Series A Preferred Security). Accumulated and unpaid dividends (whether or not earned or declared), including Additional Dividends, on the Series A Preferred Securities will be treated as accumulated and unpaid dividends on the American General Series A Preferred

Stock. Series A Junior Subordinated Debentures previously called for redemption or surrendered for conversion into American General Common Stock may not be exchanged for American General Series A Preferred Stock. See "Description of the Series A Preferred Securities -- Optional Exchange for American General Series A Preferred Stock."

OPTIONAL REDEMPTION

American General will have the right to redeem the Series A Junior Subordinated Debentures, in whole or in part, at any time or from time to time on or after , 2003 at a cash redemption price equal to the unpaid principal amount thereof, without premium or penalty (plus any accrued and unpaid interest, including any Additional Interest, on the portion being redeemed). In addition, if at any time following the Conversion Expiration Date or the Conversion Expiration Date of the Series A Junior Subordinated Debentures, less than 10% of the aggregate principal amount of the Series A Junior Subordinated Debentures originally purchased by American General Delaware with the proceeds from the Offering remains outstanding, the Series A Junior Subordinated Debentures will be redeemable at the option of American General, in whole but not in part, at a cash redemption price equal to the unpaid principal amount thereof, plus any accrued and unpaid interest (including any Additional Interest) to the redemption date. If, prior to a Special Event Exchange, American General or any of its subsidiaries purchases Series A Preferred Securities by tender, in the open market, or otherwise, American General may redeem the Series A Junior Subordinated Debentures in a principal amount not to exceed the aggregate liquidation preference of the Series A Preferred Securities so purchased, at a cash redemption price equal to the unpaid principal amount thereof plus any accrued and unpaid interest (including any Additional Interest thereon) to the redemption

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date. Notice of any such redemption occurring after a Special Event Exchange will be given by American General to the holder or holders of the Series A Junior Subordinated Debentures in a manner similar to that required to be given by American General Delaware with respect to the redemption of the Series A Preferred Securities. See "Description of the Series A Preferred Securities -- Redemption."

MANDATORY PREPAYMENT

If American General Delaware redeems the Series A Preferred Securities in accordance with the terms thereof, the Series A Junior Subordinated Debentures will become due and payable in a principal amount equal to the aggregate liquidation preference of the Series A Preferred Securities so redeemed, together with any accrued and unpaid interest, including any Additional Interest thereon, to the redemption date. Any redemption pursuant to this provision shall be made prior to 12:00 noon, New York time, on the date of such redemption or at such other time on such earlier date as American General and American General Delaware shall agree.

SET-OFF

Notwithstanding anything to the contrary in the Junior Subordinated Indenture, American General shall have the right to set-off any payment with respect to the Series A Junior Subordinated Debentures it is otherwise required to make thereunder with and to the extent American General has theretofore made, or is concurrently on the date of such payment making, a payment under the Guarantee with respect to the Series A Preferred Securities.

ENFORCEMENT OF CERTAIN RIGHTS BY SPECIAL TRUSTEE

If, prior to a Special Event Exchange, (i) American General Delaware fails to pay dividends in full (including any arrearages) on the Series A Preferred Securities for 18 consecutive months; (ii) an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures occurs and is continuing; or (iii) American General is in default under any of its payment or other obligations under the Guarantee with respect to the Series A Preferred Securities, then, under the terms of the Series A Preferred Securities, the holders of outstanding Series A Preferred Securities will have the rights referred to under "Description of the Series A Preferred Securities -- Voting Rights," including the right to appoint a Special Trustee, which Special Trustee would be authorized, subject to the applicable provisions of the Junior Subordinated Indenture, to exercise American General Delaware's right to accelerate the principal amount of the Series A Junior Subordinated

Debentures and to enforce American General Delaware's other creditor rights with respect to the Series A Junior Subordinated Debentures. Notwithstanding the appointment of any such Special Trustee, American General Delaware Management Corporation would continue as Manager and American General would retain all rights, including the right to extend the interest payment period from time to time as described above under the caption "-- Option to Extend Interest Payment Period," and be subject to all of the obligations under the Junior Subordinated Indenture and as obligor under the Series A Junior Subordinated Debentures.

GLOBAL SECURITIES

If, immediately prior to any Special Event Exchange following the occurrence of a Special Event, the Series A Preferred Securities are represented by one or more global securities held by DTC, then the Series A Junior Subordinated Debentures exchanged for the Series A Preferred Securities will be represented by one or more global securities registered in the name of DTC or its nominee and be deposited with DTC or its custodian. Unless and until it is exchanged in whole or in part for the Series A Junior Subordinated Debentures in definitive registered form, a global security may not be registered for transfer or exchange except in limited circumstances.

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For a description of DTC and DTC's book-entry system, see "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying Prospectus. As of the date of this Prospectus Supplement, the description therein of DTC's book-entry system and DTC's practices as they relate to purchases, transfers, notices and payments with respect to the Series A Preferred Securities apply in all material respects to any debt obligations represented by one or more global securities held by DTC.

MISCELLANEOUS

For restrictions on certain actions of American General with respect to the Series A Junior Subordinated Debentures held by American General Delaware, see "Description of the Series A Preferred Securities -- Voting Rights."

If Series A Junior Subordinated Debentures are outstanding and owned by any entity other than American General or its affiliates (including American General Delaware), then any Series A Junior Subordinated Debentures owned by American General or its affiliates will not be entitled to vote or consent and will, for purposes of any such vote or consent, be treated as if they were not outstanding.

Chemical Bank will serve as the initial Paying Agent and registrar for the Series A Junior Subordinated Debentures and Chemical Mellon Shareholder Services, LLC will serve as the initial Conversion Agent for the Series A Junior Subordinated Debentures.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

GENERAL

The following is a summary of the material federal income tax considerations relevant to the purchase, ownership and disposition of the Series A Preferred Securities, which in the opinion of Vinson & Elkins L.L.P., counsel to American General and American General Delaware, is accurate insofar as it expresses conclusions of law. However, this summary does not address all federal income tax aspects of the Series A Preferred Securities, or the tax considerations relevant to certain types of holders subject to special treatment under the federal income tax laws (for example, banks, life insurance companies, securities or other dealers, or foreign persons and foreign entities).

This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations promulgated thereunder, judicial decisions and Internal Revenue Service ("IRS") rulings and notices. All of these authorities, however, are subject to change; any such change may cause the tax consequences to vary substantially from those described below. Moreover, the transactions described in this Prospectus Supplement and the accompanying Prospectus raise a number of novel tax issues which have not been ruled on by the courts or the IRS in similar transactions. As a result, there can be no assurance that the IRS will not audit these transactions and, if it does so, that the IRS will agree with the conclusions set forth below or the positions taken by American General and American General Delaware in conformity therewith. See "-- American General Delaware Information Returns and Audit Procedures" below.

Unless otherwise indicated, the information below is directed at Holders

(as defined below) who purchase Series A Preferred Securities on their original issue at their initial offering price, and that hold such Series A Preferred Securities as capital assets (generally property held for investment). For purposes of this discussion, a "Holder" is a beneficial owner of a Series A Preferred Security who or that is (i) a citizen or resident of the United States, (ii) a domestic corporation, partnership, estate or trust, or (iii) otherwise subject to United States federal income taxation on a net income basis in respect of a Series A Preferred Security.

PROSPECTIVE PURCHASERS OF SERIES A PREFERRED SECURITIES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE UNITED STATES OR OTHER TAX CONSID-

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ERATIONS OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SERIES A PREFERRED SECURITIES, INCLUDING THE EFFECTS OF STATE, LOCAL AND FOREIGN TAX LAWS.

TAX CLASSIFICATION

While the following matters are not free from doubt, Vinson & Elkins L.L.P. is of the opinion that (i) American General Delaware will be classified as a partnership for federal income tax purposes and not as an association taxable as a corporation and (ii) the Series A Junior Subordinated Debentures will be classified as indebtedness for federal income tax purposes. The following discussion assumes such classifications.

INCOME FROM SERIES A PREFERRED SECURITIES

Each Holder of Series A Preferred Securities will be required to include in gross income his distributive share of the net income of American General Delaware, which net income generally will be equal to the amount of interest received or accrued by American General Delaware on the Series A Junior Subordinated Debentures. Such income will not exceed dividends received on a Series A Preferred Security, except in limited circumstances. See "-- Original Issue Discount" and "-- Adjustment of Conversion Price" below. Any amount so included in a Holder's gross income will increase his tax basis in the Series A Preferred Securities, and the amount of distributions of cash or other property by American General Delaware to a Holder will reduce such Holder's tax basis in the Series A Preferred Securities. No portion of the amounts received on the Series A Preferred Securities will be eligible for the dividends received deduction.

American General Delaware does not presently intend to make an election under section 754 of the Code. Accordingly, a subsequent purchaser of Series A Preferred Securities will not be permitted to adjust the tax basis in his allocable share of American General Delaware's assets so as to reflect any difference between his purchase price for the Series A Preferred Securities and his share of American General Delaware's underlying tax basis in its assets. As a result, a Holder of Series A Preferred Securities may be required to report a larger or smaller amount of income from holding the Series A Preferred Securities than would otherwise be appropriate based upon the Holder's purchase price for the Series A Preferred Securities.

ORIGINAL ISSUE DISCOUNT

Under Treasury Regulations, the stated interest payments on the Series A Junior Subordinated Debentures will be treated as "original issue discount" because of the option that American General has, under the terms of the Series A Junior Subordinated Debentures, to extend interest payment periods for up to 60 consecutive months. Under the Code, a Holder of debt with original issue discount must include that discount in income on an economic accrual basis and before the receipt of cash attributable to the income regardless of his method of tax accounting. The amount of original issue discount that accrues in any month will approximately equal the amount of the interest that accrues in that month at the stated interest rate. In the event that the interest payment period is extended, however, American General Delaware will accrue additional original issue discount approximately equal to the amount of the additional interest payment due at the end of the extended interest payment period on an economic accrual basis over the length of the extended interest period.

Accrued income in respect of deferred interest will be allocated, but the corresponding cash will not be distributed, to Holders of record on the Business Day preceding the last day of each calendar month. As a result, Holders of record during an extended interest payment period will include interest in gross income in advance of the receipt of cash, and any such Holder who disposes of Series A Preferred Securities prior to the record date for the payment of dividends following such extended interest payment period will have included such Holder's allocable share of such interest in gross income but will not receive any cash related thereto from American General Delaware. The

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tax basis of a Series A Preferred Security will be increased by the amount of any interest that is included in income without a corresponding receipt of cash and will be decreased when and if such cash is subsequently received from American General Delaware.

DISPOSITION OF SERIES A PREFERRED SECURITIES

Generally, capital gain or loss will be recognized on a sale (including a complete redemption for cash) of Series A Preferred Securities equal to the difference between the amount realized and the Holder's tax basis in the Series A Preferred Securities sold. Gain or loss recognized by a Holder on the sale or exchange of a Series A Preferred Security held for more than one year generally will be taxable as long-term capital gain or loss. The adjusted tax basis of the Series A Preferred Securities sold generally will equal the amount paid for the Series A Preferred Securities, increased by accrued but unpaid original issue discount and other income, if any, as described herein allocated to such Holder, and reduced by any cash or other property distributed to such Holder by American General Delaware. A Holder who acquires Series A Preferred Securities at different prices may be required to maintain a single aggregate adjusted tax basis in all of his Series A Preferred Securities and, upon sale or other disposition of some of such Series A Preferred Securities, to allocate a pro rata portion of such aggregate tax basis to the Series A Preferred Securities sold (rather than maintaining a separate tax basis in each Series A Preferred Security for purposes of computing gain or loss on a sale of that Series A Preferred Security).

EXCHANGE OF SERIES A PREFERRED SECURITIES OR SERIES A JUNIOR SUBORDINATED DEBENTURES FOR AMERICAN GENERAL STOCK

A Holder should not recognize gain or loss (i) upon the exchange of Series A Preferred Securities for a proportionate share of the Series A Junior Subordinated Debentures held by American General Delaware, or (ii) except to the extent attributable to accrued but unpaid interest on the Series A Junior Subordinated Debentures or to the receipt of property other than American General Stock, upon the conversion of such Series A Subordinated Debentures for American General Common Stock or American General Series A Preferred Stock. However, to the extent that accrued but unpaid interest on the Series A Junior Subordinated Debentures is converted into accumulated and unpaid dividends on the American General Series A Preferred Stock, receipt of cash from American General in respect of such dividends will generally result in taxable income whereas, had the exchange not been effected, receipt of cash in respect of the corresponding accrued interest (having already been included in the Holder's taxable income when accrued) would not have been taxable. Moreover, in the case of a Holder's receipt of cash in lieu of a fractional share of either American General Common Stock or American General Series A Preferred Stock, the Holder will recognize taxable gain equal to the amount of cash received less the Holder's tax basis in such fractional share.

A Holder's tax basis in the American General Common Stock or the American General Series A Preferred Stock received upon exchange and conversion generally should be equal to the Holder's tax basis in the Series A Preferred Securities delivered to the Conversion Agent for exchange, plus any gain recognized on the exchange, and less any cash received. In the case of an exchange for less than all of a Holder's Series A Preferred Securities, the Holder's tax basis in the shares of American General Common Stock received will be the lesser of the Holder's tax basis in all of such Holder's Series A Preferred Securities immediately before such exchange or American General Delaware's tax basis in the portion of the Series A Junior Subordinated Debentures converted for those shares of American General Common Stock, increased in either case by any gain recognized on conversion in respect of any fractional share interest redeemed by American General and decreased by any cash received in connection therewith. In such case, the Holder's aggregate tax basis in his remaining Series A Preferred Securities will be the aggregate tax basis in such Holder's Series A Preferred Securities immediately before such exchange, reduced (but not below zero) by his tax basis in the shares of American General Common Stock delivered in such exchange,

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determined as described above, and the amount of cash paid to the Holder in lieu of a fractional share interest, if any, and increased by any gain recognized with respect to such fractional share interest. A Holder's holding period for the American General Common Stock or the American General Series A Preferred Stock received upon exchange and conversion should generally begin on the date the Holder acquired the Series A Preferred Securities delivered to the Conversion Agent for exchange.

ADJUSTMENT OF CONVERSION PRICE

Treasury Regulations promulgated under section 305 of the Code would treat American General Delaware (and, thus, Holders of Series A Preferred Securities)

as having received a constructive distribution from American General in the event the conversion ratio of the Series A Junior Subordinated Debentures were adjusted if (i) as a result of such adjustment, the proportionate interest (measured by the quantum of American General stock into or for which the Series A Junior Subordinated Debentures are convertible or exchangeable) of American General Delaware in the assets or earnings and profits of American General were increased, and (ii) the adjustment was not made pursuant to a bona fide, reasonable antidilution formula. An adjustment in the conversion ratio would not be considered made pursuant to such a formula if the adjustment was made to compensate for certain taxable distributions with respect to the stock into or for which the Series A Junior Subordinated Debentures are convertible or exchangeable. Thus, under certain circumstances, a reduction in the conversion price for the Series A Junior Subordinated Debentures may result in deemed dividend income to American General Delaware to the extent of the current or accumulated earnings and profits of American General. Holders of the Series A Preferred Securities would be required to include their allocable share of such deemed dividend in gross income but will not receive any cash related thereto. In addition, the failure to fully adjust the conversion price of the Series A Junior Subordinated Debentures to reflect distributions of stock dividends with respect to American General Common Stock may result in deemed dividend income to Holders of American General Common Stock.

Similarly, under section 305 of the Code, adjustments to the conversion price of the American General Series A Preferred Stock, which may occur under certain circumstances, may result in deemed dividend income to Holders of the American General Series A Preferred Stock if such adjustments are not made pursuant to a bona fide, reasonable antidilution formula, and failure to make such adjustments to the conversion price of the American General Series A Preferred Stock may result in deemed dividend income to Holders of American General Common Stock.

EXCHANGE OF SERIES A PREFERRED SECURITIES FOR SERIES A JUNIOR SUBORDINATED DEBENTURES

The exchange of Series A Preferred Securities for Series A Junior Subordinated Debentures after the occurrence of a Special Event generally would be a nontaxable event to American General Delaware and the Holders. Each Holder's aggregate tax basis for the Series A Junior Subordinated Debentures received in the exchange would be the same as the Holder's aggregate tax basis for his Series A Preferred Securities surrendered in the exchange, and the holding period for the Series A Junior Subordinated Debentures would include his holding period for his Series A Preferred Securities. However, if the relevant Special Event is a Tax Event which results in American General Delaware's being treated as an association taxable as a corporation, the exchange would be a taxable event to the Holders in respect of which each Holder would recognize gain or loss equal to the difference between the Holder's aggregate tax basis for his Series A Preferred Securities surrendered in the exchange and the aggregate fair market value of the Series A Junior Subordinated Debentures received in the exchange.

AMERICAN GENERAL DELAWARE INFORMATION RETURNS AND AUDIT PROCEDURES

The Manager of American General Delaware will furnish each Holder with a Schedule K-1 setting forth such Holder's allocable share of income for each year, as soon as practicable following the end of the year but in any event prior to March 15th of each succeeding year.

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Any person who holds Series A Preferred Securities as nominee for another person is required to furnish to American General Delaware a written statement containing: (a) the name, address and taxpayer identification number of the beneficial owner and of the nominee; (b) information as to whether the beneficial owner is (i) a person that is not a United States person, (ii) a foreign government, an international organization or any wholly-owned agency or instrumentality of either, or (iii) a tax-exempt entity; and (c) a description of the Series A Preferred Securities held, acquired or transferred for the beneficial owner, including the dates of acquisitions and transfers, the methods and costs of acquisitions, and the net proceeds from transfers. Brokers and financial institutions are also required to furnish written statements containing similar information with respect to Series A Preferred Securities they hold for their own accounts. A penalty of \$50 per failure (up to a maximum of \$100,000 per calendar year) is imposed by the Code for failure to report such information to American General Delaware. The nominee is required to supply the beneficial owners of the Series A Preferred Securities with the information furnished to American General Delaware.

The Manager, as the tax matters partner, will be responsible for representing American General Delaware (and, indirectly, the Holders) in any dispute with the IRS involving the partnership information returns filed by American General Delaware. The Code provides for administrative examination of such returns as if American General Delaware (which is treated as a partnership) were a separate and distinct taxpayer. Generally, the statute of limitations for

partnership items reflected or required to be reflected on a partnership information return does not expire until three years after the later of the filing or the last date for filing of such return. Any adverse determination following an audit of a return of American General Delaware by the appropriate taxing authorities could result in an adjustment of the returns of the Holders, and, under certain circumstances, a Holder may be precluded from separately litigating a proposed adjustment to the items of American General Delaware. An adjustment could also result in an audit of a Holder's return and adjustments of items not related to the income and losses of American General Delaware.

FOREIGN HOLDERS

Ownership of Series A Preferred Securities by nonresident aliens, foreign corporations and other foreign persons raises tax considerations unique to such persons and may have substantially adverse tax consequences to them. Therefore, prospective investors who are foreign persons or which are foreign entities are urged to consult with their U.S. tax advisors as to whether an investment in Series A Preferred Securities represents an appropriate investment in light of those unique tax consequences and possible adverse tax consequences.

BACKUP WITHHOLDING AND INFORMATION REPORTING

In general, information reporting requirements will apply to payments of dividends on, and payments of the proceeds of the sale of, Series A Preferred Securities, American General Series A Preferred Stock or American General Common Stock within the United States to noncorporate Holders, and "backup withholding" at a rate of 31% will apply to such payments if such a Holder fails to provide an accurate taxpayer identification number.

THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSIDERATIONS TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES A PREFERRED SECURITIES, INCLUDING THE TAX CONSIDERATIONS UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

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UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, American General Delaware has agreed to sell to each of the Underwriters named below, and each of such Underwriters, for whom Goldman, Sachs & Co., J.P. Morgan Securities Inc., CS First Boston Corporation, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Brothers Inc are acting as representatives, has severally agreed to purchase from American General Delaware, the respective number of Series A Preferred Securities set forth opposite its name below:

<TABLE>
<CAPTION>

UNDERWRITER	NUMBER OF SERIES A PREFERRED SECURITIES
<S>	<C>
Goldman, Sachs & Co.	
J.P. Morgan Securities Inc.	
CS First Boston Corporation.....	
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	
Salomon Brothers Inc.....	
Total.....	4,500,000 =====

</TABLE>

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all such Series A Preferred Securities offered hereby, if any are taken.

The Underwriters propose to offer the Series A Preferred Securities in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus Supplement, and in part to certain securities dealers at such price less a concession of \$ per Series A Preferred Security. The Underwriters may allow, and such dealers may reallow, a concession not in excess of \$ per Series A Preferred Security to certain brokers and dealers. After the Series A Preferred Securities are released for sale to the public, the

offering price and other selling terms may from time to time be varied by the representatives.

In view of the fact that the proceeds from the sale of the Series A Preferred Securities will be used by American General Delaware to purchase the Series A Junior Subordinated Debentures of American General, the Underwriting Agreement provides that American General will pay, as compensation to the Underwriters, a commission of \$ per Series A Preferred Security.

American General Delaware and American General have granted the Underwriters an option exercisable for 30 days after the date of this Prospectus Supplement to purchase up to an aggregate of 500,000 additional Series A Preferred Securities at the initial public offering price per Series A Preferred Security solely to cover over-allotments, if any. If the Underwriters exercise their over-allotment option, the Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of Series A Preferred

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Securities to be purchased by each of them, as shown in the foregoing table, bears to the total Series A Preferred Securities offered.

American General and American General Delaware have agreed not to offer, sell, contract to sell, or otherwise dispose of any shares of American General Common Stock, any shares of American General Series A Preferred Stock, any other capital stock of American General, or any other security convertible into or exercisable or exchangeable for American General Common Stock, American General Preferred Stock or any such other capital stock for a period of 90 days after the date of this Prospectus Supplement without the prior consent of the representatives, except for (i) the Series A Preferred Securities offered hereby, (ii) the Series A Junior Subordinated Debentures, (iii) American General Common Stock or American General Preferred Stock issued or delivered upon conversion or exchange of the Series A Junior Subordinated Debentures, (iv) securities issued or delivered upon conversion, exchange or exercise of any other securities of American General outstanding on the date of this Prospectus Supplement, (v) securities issued pursuant to American General's stock option or other benefit or incentive plans maintained for its officers, directors or employees, and (vi) securities issued by American General in connection with mergers, acquisitions or similar transactions.

Certain of the Underwriters are customers of, or engage in transactions with, and from time to time have performed services for, American General and its subsidiaries and associated companies in the ordinary course of business.

Because the National Association of Securities Dealers, Inc. (the "NASD") may view the Series A Preferred Securities offered hereby as interests in a direct participation program, the Offering is being made in compliance with Section 34 of the NASD's Rules of Fair Practice. The Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority without the prior written approval of the transaction by the customer.

Prior to the Offering, there has been no public market for the Series A Preferred Securities. The Series A Preferred Securities have been approved for listing on the NYSE, subject to notice of issuance, under the symbol "AGC prC." In order to meet one of the requirements for listing the Series A Preferred Securities on the NYSE, the Underwriters have undertaken to sell lots of 100 or more Series A Preferred Securities to a minimum of 400 beneficial holders.

American General and American General Delaware have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY AMERICAN GENERAL DELAWARE, L.L.C., AMERICAN GENERAL CORPORATION OR THE UNDERWRITERS. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF AMERICAN GENERAL DELAWARE, L.L.C. OR AMERICAN GENERAL CORPORATION SINCE SUCH DATE.

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4,500,000

PREFERRED SECURITIES

AMERICAN GENERAL
DELAWARE, L.L.C.

% CONVERTIBLE MONTHLY INCOME

PREFERRED SECURITIES, SERIES A

GUARANTEED TO THE EXTENT
SET FORTH HEREIN BY, AND

CONVERTIBLE INTO

COMMON STOCK OF,

AMERICAN GENERAL CORPORATION

(LOGO)

GOLDMAN, SACHS & CO.

J.P. MORGAN SECURITIES INC.

CS FIRST BOSTON

MERRILL LYNCH & CO.

SALOMON BROTHERS INC

REPRESENTATIVES OF THE UNDERWRITERS

- -----
- -----

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*
* Information contained herein is subject to completion or amendment. A *
* registration statement relating to these securities has been filed *
* with the Securities and Exchange Commission. These securities may not *
* be sold nor may offers to buy be accepted prior to the time the *
* registration statement becomes effective. This prospectus supplement *
* shall not constitute an offer to sell or the solicitation of an offer *
* to buy nor shall there be any sale of these securities in any State *
* in which such offer, solicitation or sale would be unlawful prior to *
* registration or qualification under the securities laws of any such *
* State. *

SUBJECT TO COMPLETION, DATED MAY 10, 1995

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED , 1995

(AMERICAN GENERAL LOGO)

10,000,000 PREFERRED SECURITIES

AMERICAN GENERAL CAPITAL

% CUMULATIVE MONTHLY INCOME PREFERRED SECURITIES, SERIES A (MIPSSM*)

(LIQUIDATION PREFERENCE \$25 PER SECURITY)

GUARANTEED TO THE EXTENT SET FORTH HEREIN BY

AMERICAN GENERAL CORPORATION

The % Cumulative Monthly Income Preferred Securities, Series A (the "Series A Preferred Securities"), representing the preferred limited liability company interests offered hereby, are being issued by American General Capital, L.L.C., a Delaware limited liability company ("American General Capital"). All of the common limited liability company interests in American General Capital (the "Common Securities") are owned directly or indirectly by American General Corporation, a Texas corporation ("American General" or the "Company"). American General Capital exists for the purpose of issuing limited liability company interests and investing the proceeds thereof in debt securities of American General. The proceeds from the offering of the Series A Preferred Securities will be used by American General Capital to purchase from American General its

% Series A Junior Subordinated Debentures (the "Series A Junior Subordinated Debentures") having the terms described herein and in the accompanying Prospectus.

(continued on next page)

SEE "INVESTMENT CONSIDERATIONS" FOR A DISCUSSION OF CERTAIN MATERIAL RISKS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES A PREFERRED SECURITIES, INCLUDING THE PERIOD AND CIRCUMSTANCES DURING AND UNDER WHICH PAYMENTS ON THE SERIES A PREFERRED SECURITIES AND THE SERIES A JUNIOR SUBORDINATED DEBENTURES MAY BE DEFERRED AND THE RELATED FEDERAL INCOME TAX CONSIDERATIONS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS TO WHICH IT RELATES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
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	INITIAL PUBLIC OFFERING PRICE	UNDERWRITING COMMISSION (1)	PROCEEDS TO AMERICAN GENERAL CAPITAL (2) (3)
	-----	-----	-----
<S>	<C>	<C>	<C>
Per Series A Preferred Security.....	\$25.00	(2)	\$25.00
Total (4)	\$	(2)	\$

</TABLE>

(1) American General Capital and American General have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting".

- (2) In view of the fact that the proceeds of the sale of the Series A Preferred Securities will be used by American General Capital to purchase the Series A Junior Subordinated Debentures of American General, the Underwriting Agreement provides that American General will pay to the Underwriters, as compensation ("Underwriters' Compensation"), \$ _____ per Series A Preferred Security (or \$ _____ in the aggregate). See "Underwriting".
- (3) Expenses of the offering, which are payable by American General, are estimated to be \$ _____.
- (4) American General Capital and American General have granted the Underwriters an option for 30 days to purchase up to an additional 1,500,000 Series A Preferred Securities at the initial public offering price per Series A Preferred Security solely to cover over-allotments, if any. American General will pay to the Underwriters, as Underwriters' Compensation, \$ _____ per Series A Preferred Security purchased pursuant to this option. If such option is exercised in full, the total initial public offering price, Underwriters' Compensation and proceeds to American General Capital will be \$ _____, \$ _____ and \$ _____, respectively. See "Underwriting".

The Series A Preferred Securities offered hereby are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that delivery of the Series A Preferred Securities will be made only in book-entry form through the facilities of The Depository Trust Company on or about _____, 1995.

- -----

* MIPS is a service mark of Goldman, Sachs & Co.

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

ALEX. BROWN & SONS

INCORPORATED

CS FIRST BOSTON

DEAN WITTER REYNOLDS INC.

DONALDSON, LUFKIN & JENRETTE
SECURITIES
CORPORATION
KEMPER SECURITIES, INC.
LEHMAN BROTHERS

PRUDENTIAL SECURITIES
INCORPORATED

SALOMON BROTHERS INC

SMITH BARNEY INC.

The date of this Prospectus Supplement is _____, 1995.

(continued from previous page)

The Series A Junior Subordinated Debentures are subordinated in right of

payment to all Senior Indebtedness (as defined under "Description of the Junior Subordinated Debentures -- Subordination" in the accompanying Prospectus) of American General. As of March 31, 1995, American General had approximately \$2.8 billion of indebtedness constituting Senior Indebtedness.

Holders of the Series A Preferred Securities will be entitled to receive cumulative cash distributions ("dividends") from American General Capital at an annual rate of % of the liquidation preference of \$25 per Series A Preferred Security, accruing from the date of original issuance and payable monthly in arrears on the last day of each calendar month of each year, commencing June 30, 1995. See "Description of the Series A Preferred Securities -- Dividends".

In the event of the liquidation, dissolution or winding-up of American General Capital, holders of Series A Preferred Securities will be entitled to receive for each Series A Preferred Security a liquidation preference of \$25 plus an amount equal to any accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends (as defined herein), to the date of payment, subject to certain limitations, unless such liquidation, dissolution or winding-up is in connection with the exchange of the Series A Preferred Securities for the Series A Junior Subordinated Debentures. See "Description of the Series A Preferred Securities -- Liquidation Rights".

The Series A Preferred Securities will be redeemable at the option of American General Capital (subject to the prior consent of American General), in whole or in part, from time to time, on or after , 2000 at a cash redemption price equal to the liquidation preference for such Series A Preferred Securities plus accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date fixed for redemption (the "Redemption Price"). Furthermore, at any time after the occurrence of a Special Event (as defined herein), American General Capital (subject to the prior consent of American General) may either (i) redeem the Series A Preferred Securities in whole, but not in part, at the Redemption Price, or (ii) exchange in the manner described herein, in whole but not in part, the Series A Preferred Securities for Series A Junior Subordinated Debentures. See "Description of the Series A Preferred Securities -- Special Event Redemption or Exchange".

For a description of the terms relating to the mandatory redemption of the Series A Preferred Securities and the circumstances under which the repayment date of the Series A Preferred Securities may be extended, see "Description of the Series A Preferred Securities -- Mandatory Redemption".

American General will irrevocably and unconditionally guarantee, on a subordinated basis and to the extent set forth herein and in the accompanying Prospectus, the payment of dividends by American General Capital on the Series A Preferred Securities (but only if and to the extent declared from funds of American General Capital legally available therefor), the Redemption Price payable with respect to Series A Preferred Securities (but only to the extent payable out of funds of American General Capital legally available therefor) and payments on liquidation, dissolution or winding-up with respect to the Series A Preferred Securities (but only to the extent that assets of American General Capital are available for distribution to holders of the Series A Preferred Securities) (the "Guarantee"). The Guarantee will be unsecured and will be subordinate to all other liabilities of American General (other than certain other guarantees) and will rank pari passu with the most senior preferred stock issued by American General. See "Description of the Guarantees" in the accompanying Prospectus.

The Series A Preferred Securities have been approved for listing on the New York Stock Exchange ("NYSE"), subject to notice of issuance, under the symbol "AGC prM".

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES A PREFERRED SECURITIES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AMERICAN GENERAL CORPORATION

GENERAL

American General, with assets of \$56 billion and shareholders' equity of \$4.4 billion as of March 31, 1995, is the parent company of one of the nation's largest consumer financial services organizations. American General provides financial services directly to consumers, emphasizing personal service and frequent customer contact. American General's operating subsidiaries are leading providers of retirement annuities, consumer loans and life insurance. American General, headquartered in Houston, was incorporated as a general business corporation in Texas in 1980 and is the successor to American General Insurance Company, an insurance company incorporated in Texas in 1926. The principal executive offices of American General are located at 2929 Allen Parkway, Houston, Texas 77019-2155, and its telephone number is (713) 522-1111.

RETIREMENT ANNUITIES

Retirement Annuities represented 27% of the Company's segment earnings for the year ended December 31, 1994 and 27% for the three months ended March 31, 1995. The Variable Annuity Life Insurance Company ("VALIC"), American General's retirement annuity subsidiary with assets of \$23 billion as of March 31, 1995, is a leading provider of tax-deferred retirement plans and annuities to employees of educational, health care and other not-for-profit organizations. Based on assets of \$22 billion as of December 31, 1994, VALIC ranks as the 18th largest life insurance company in the United States.

VALIC markets products in 50 states and the District of Columbia to approximately 840,000 customers through a national network of approximately 800 sales representatives. These sales representatives are highly trained retirement specialists, providing personalized service to VALIC's customers.

VALIC currently holds among the strongest claims-paying ability ratings in the life insurance industry. Management believes that these ratings provide VALIC with a significant competitive advantage.

VALIC is committed to using advanced technologies to improve customer service. VALIC recently introduced a new product, Portfolio DirectorSM, which offers customers an array of 18 different investment options, as well as access to professional investment managers, in order to have more flexibility in creating a diversified retirement portfolio. VALIC has also introduced Portfolio OptimizerSM, an innovative software program developed exclusively for VALIC which helps customers allocate retirement funds among investment options.

VALIC's strategy for future growth is centered on increasing the size and effectiveness of its sales force in order to enter new geographic territories and further penetrate existing markets.

CONSUMER FINANCE

Consumer Finance represented 36% of the Company's segment earnings for the year ended December 31, 1994 and 30% for the three months ended March 31, 1995. American General Finance, Inc. and subsidiaries ("AGF"), with finance receivables of \$8.1 billion as of March 31, 1995, is a leading provider of consumer and home equity loans, credit cards and credit-related insurance to individuals. With more than three million customers and over 1,300 branch offices, AGF ranks among the nation's largest consumer finance organizations. AGF provides financing programs through approximately 20,000 retail merchants and offers personalized service through over 9,000 employees in 41 states, Puerto Rico and the U.S. Virgin Islands. AGF has traditionally focused on marketing to creditworthy, middle-income families with annual household incomes of \$25,000 to \$50,000 and with a head of household typically between the ages of 25 and 45.

Management believes that AGF's competitive advantages are its large branch office network, improved technology, new market development and strong credit ratings. AGF's branch office

network gives it a local presence in approximately 900 communities. AGF

continually seeks to develop local markets. For example, AGF provides retail financing programs through approximately 20,000 merchants nationwide. This growing merchant base provides a flow of new business and represents AGF's largest source of new loan customers.

AGF's strategy for future growth is centered on growing the branch office customer base, further developing the retail dealer network and providing a wider array of financial products and services to its customers.

LIFE INSURANCE

Life Insurance represented 37% of the Company's segment earnings for the year ended December 31, 1994 and 43% for the three months ended March 31, 1995. American General's life insurance companies, with assets of \$22 billion as of March 31, 1995, provide traditional and interest-sensitive life insurance and both fixed and variable annuity products to nearly five million households throughout all 50 states, the District of Columbia and Canada. This large customer base is served principally by American General Life and Accident Insurance Company ("AGLA"), American General Life Insurance Company ("AGL"), and, since January 1995, The Franklin Life Insurance Company ("Franklin Life") (see "Recent Developments" below). The life insurance companies meet the financial security needs of individual consumers, business owners and customers of financial institutions, and offer personalized service through 14,000 sales representatives and general agents.

Management believes that specialization is the key to success in the highly competitive life insurance marketplace. Each of American General's life insurance companies specializes in serving a different market segment. AGLA concentrates on meeting the basic life insurance needs of families with incomes of less than \$50,000. AGL serves the estate planning needs of middle- and upper-income households. Franklin Life provides individual life insurance to middle-income households, primarily in the Midwest.

Management believes that the life insurance companies' competitive advantages are a strong market presence, financial strength and a commitment to personalized customer service. The life insurance companies' strategy for future growth centers on growing internally by increasing the size and productivity of the agency field force and externally by pursuing selective acquisitions.

RECENT DEVELOPMENTS

As of November 29, 1994, the Company signed a definitive agreement to acquire American Franklin Company ("AFC"), the holding company of Franklin Life, for \$1.17 billion. The transaction closed on January 31, 1995. The purchase price consisted of \$920 million in cash paid at closing and a \$250 million dividend paid by AFC to its former parent prior to closing. This acquisition was accounted for using the purchase method. Beginning with the first quarter of 1995, Franklin Life was reported as part of the Life Insurance segment, increasing that segment's assets and life insurance in force by approximately 45% and 35%, respectively. Franklin Life was acquired to complement American General's existing life insurance distribution systems and further strengthen the Company's position in middle-income households, particularly in the Midwest.

On December 23, 1994, the Company acquired a 40% interest in Western National Corporation ("WNC") through the acquisition of 24,947,500 shares of WNC's common stock for \$274 million in cash. The acquisition was reflected in the Company's 1994 consolidated financial statements using the equity method of accounting. The Company's equity in the operating results of WNC for the period from the acquisition date to December 31, 1994 did not have a material impact on the Company's 1994 consolidated results of operations. The shares of WNC were acquired for investment purposes.

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American General Capital, L.L.C. is a limited liability company formed in March 1995 under the laws of the State of Delaware. American General and American General Delaware Management Corporation, a wholly-owned subsidiary of American General, own all of the common limited liability company interests (the "Common Securities") of American General Capital, which securities are nontransferable. American General Capital is managed by American General Delaware Management Corporation, as manager (the "Manager"), in accordance with the Amended and Restated Limited Liability Company Agreement of American General

Capital (the "LLC Agreement"). American General Capital exists solely for the purpose of issuing Preferred Securities and Common Securities and investing 99% of the proceeds thereof in Junior Subordinated Debentures. The remaining 1% of such proceeds will be invested in Eligible Investments (as defined in the LLC Agreement). See "Use of Proceeds." American General Capital's principal executive offices are located c/o American General Delaware Management Corporation at 2099 South Dupont Avenue, Dover, Delaware 19901, and its telephone number at such address is (302) 697-1912.

INVESTMENT CONSIDERATIONS

Prospective purchasers of Series A Preferred Securities should carefully review the information contained elsewhere in this Prospectus Supplement and the accompanying Prospectus and should particularly consider the following matters:

SUBORDINATE OBLIGATIONS UNDER GUARANTEE AND SERIES A JUNIOR SUBORDINATED DEBENTURES

American General Capital's ability to pay amounts due on the Series A Preferred Securities is solely dependent upon its receipt of payments from American General on the Series A Junior Subordinated Debentures as and when required. American General's obligations under the Series A Junior Subordinated Debentures are subordinate and junior in right of payment to all Senior Indebtedness of American General. American General's obligations under the Guarantee are subordinate to all other liabilities of American General except for certain other guarantees executed by American General. The Guarantee will rank pari passu with the most senior preferred stock issued by American General. As of March 31, 1995, American General had approximately \$2.8 billion of Senior Indebtedness outstanding. There are no terms in the Series A Preferred Securities, the Series A Junior Subordinated Debentures, the Junior Subordinated Indenture (as defined herein) or the Guarantee that limit American General's ability to incur additional indebtedness, including indebtedness that ranks senior to the Series A Junior Subordinated Debentures and the Guarantee, or the ability of its subsidiaries to incur additional indebtedness. In addition, because American General is a holding company, rights to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise (and thus the ability of holders of Series A Junior Subordinated Debentures and, to the extent of the Guarantee, the holders of Series A Preferred Securities, to benefit indirectly from such distribution) are subject to the prior claims of creditors of that subsidiary, except to the extent that American General may itself be a creditor of that subsidiary. Claims on American General's subsidiaries by other creditors include substantial claims for policy benefits and debt obligations, as well as other liabilities incurred in the ordinary course of business. In addition, since many of American General's subsidiaries are insurance companies subject to regulatory control by various state insurance departments, the ability of such subsidiaries to pay dividends to American General without prior regulatory approval is limited by applicable laws and regulations. Further, certain non-insurance subsidiaries are restricted in their ability to make dividend payments by long-term debt agreements. At December 31, 1994, the amount available to American General for dividends from subsidiaries not limited by such restrictions was \$1.1 billion.

The Guarantee guarantees payment to the holders of the Series A Preferred Securities of accumulated and unpaid monthly dividends (but only if and to the extent declared by American General Capital), amounts payable on redemption and amounts payable upon the liquidation,

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dissolution or winding-up of American General Capital. In each case, however, such amount is guaranteed only to the extent that American General Capital has funds on hand legally available therefor and payment thereof does not otherwise violate applicable law. If American General were to default on its obligation to pay interest or amounts payable on redemption or maturity of the Series A Junior Subordinated Debentures, American General Capital would lack legally available funds for the payment of dividends or amounts payable on redemption of the Series A Preferred Securities, and in such event holders of the Series A Preferred Securities would not be able to rely upon the Guarantee for payment of such amounts. Upon the liquidation, dissolution or winding-up of American General, its obligations under the Guarantee would rank junior to all of its other liabilities (other than certain other guarantees) and, therefore, funds may not be available for payment under the Guarantee. See "Description of the Guarantees" and "Description of the Junior Subordinated Debentures -- Subordination" in the accompanying Prospectus.

OPTION TO EXTEND INTEREST PAYMENT PERIOD (DEFERRAL OF DIVIDENDS ON SERIES A PREFERRED SECURITIES)

American General has the right to extend the interest payment period on the Series A Junior Subordinated Debentures from time to time to a period not exceeding 60 consecutive months (an "Extension Period"), in which event monthly dividend payments on the Series A Preferred Securities by American General Capital would be deferred but would continue to accumulate monthly and Additional Dividends, intended to provide monthly compounding on dividend arrearages, would also accumulate. Prior to the termination of any Extension Period of less than 60 consecutive months, American General may further extend the interest payment period as long as such Extension Period, as further extended, does not exceed 60 consecutive months and does not extend beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all accrued and unpaid interest (including compounded interest), American General may select a new Extension Period, subject to the preceding sentence. No interest will be due during an extended interest payment period until the end of such period. During any Extension Period, American General may not declare or pay any dividend on, and, subject to certain exceptions, American General may not, and American General may not permit any of its majority-owned subsidiaries to, redeem, purchase, acquire or make a liquidation payment with respect to, any of American General's capital stock or make any guarantee payments with respect to the foregoing. See "Description of the Series A Junior Subordinated Debentures -- Option to Extend Interest Payment Period."

TAX CONSIDERATIONS OF EXTENDED INTEREST PAYMENT PERIOD (DEFERRAL OF DIVIDENDS ON SERIES A PREFERRED SECURITIES)

If an extension of an interest payment period occurs, American General Capital, except in very limited circumstances, would continue to accrue income for United States federal income tax purposes, which would be allocated, but no corresponding amount of cash would be distributed, to holders of record of Series A Preferred Securities. As a result, such holders would be required to include such interest in gross income for United States federal income tax purposes in advance of the receipt of cash and would not receive the cash dividend related to such income from American General Capital if such a holder disposed of its Series A Preferred Securities prior to the record date for payment of dividends. See "Certain Federal Income Tax Considerations -- Original Issue Discount."

SPECIAL EVENT REDEMPTION OR EXCHANGE

At any time after the occurrence of a Special Event, American General Capital (subject to the prior consent of American General) may elect to either (i) redeem the Series A Preferred Securities, in whole but not in part, or (ii) exchange, in whole but not in part, the Series A Preferred Securities for Series A Junior Subordinated Debentures having an aggregate principal amount and

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accrued and unpaid interest equal to the aggregate liquidation preference and accumulated and unpaid dividends (including Additional Dividends), respectively, of the Series A Preferred Securities. Under current United States federal income tax law, such an exchange would not be a taxable event to holders of Series A Preferred Securities unless the relevant Special Event is a Tax Event (as defined herein) which causes American General Capital to be treated as an association taxable as a corporation. In such case, an exchange of Series A Preferred Securities for Series A Junior Subordinated Debentures may be a taxable event to holders of the Series A Preferred Securities. See "Description of the Series A Preferred Securities -- Special Event Redemption or Exchange for Series A Junior Subordinated Debentures" and "Certain Federal Income Tax Considerations -- Exchange of Series A Preferred Securities for Series A Junior Subordinated Debentures."

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CAPITALIZATION

The following table sets forth the consolidated short-term debt and capitalization of American General as of March 31, 1995, as adjusted to reflect the proposed permanent financing of the AFC acquisition which, for pro forma purposes, was assumed to be partially financed with the estimated net proceeds from the sale of the Series A Preferred Securities (assuming the Underwriters' over-allotment option is not exercised). See "Use of Proceeds".

(UNAUDITED)

<TABLE>
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(IN MILLIONS)

	MARCH 31, 1995	
	HISTORICAL	PRO FORMA REFLECTING AFC FINANCING (a)
<S>	<C>	<C>
Short-term debt		
Corporate.....	\$ 1,375	\$ 685
Real Estate.....	349	349
Consumer Finance.....	2,498	2,498
	-----	-----
Total short-term debt.....	\$ 4,222	\$ 3,532
	=====	=====
Long-term debt		
Corporate.....	\$ 984	\$ 1,432
Consumer Finance.....	4,763	4,763
	-----	-----
Total long-term debt.....	5,747	6,195
	-----	-----
Preferred stock of subsidiary.....	-	242
Common stock subject to put contracts.....	47	47
Shareholders' equity		
Common stock.....	365	365
Net unrealized gains (losses) on securities(b).....	(84)	(84)
Retained earnings.....	4,606	4,606
Cost of treasury stock.....	(465)	(465)
	-----	-----
Total shareholders' equity.....	4,422	4,422
	-----	-----
Total capitalization (excluding short-term debt).....	\$ 10,216	\$ 10,906
	=====	=====

</TABLE>

- - - - -

(a) Reflects the proposed permanent financing of the AFC acquisition, which includes the Offering (as defined herein), as though it occurred on March 31, 1995. See American General's Current Report on Form 8-K dated May 9, 1995 incorporated herein by reference. Does not include an offering of 4,500,000 % Convertible Monthly Income Preferred Securities, Series A (liquidation preference \$50 per security) of American General Delaware, L.L.C. (excluding any underwriters' over-allotment option), which is expected to be made at or about the same time as the Offering made hereby. The closing of the Offering is not contingent on the closing of such offering by American General Delaware, L.L.C.

(b) Includes a \$106 million unrealized loss at March 31, 1995, due to the effect of SFAS 115. See "Management's Discussion and Analysis" within American General's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995 incorporated herein by reference.

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RATIO OF EARNINGS TO COMBINED FIXED CHARGES

AND PREFERRED STOCK DIVIDENDS

The following table sets forth the historical and pro forma ratios of earnings to combined fixed charges and preferred stock dividends for the periods indicated.

<TABLE>
<CAPTION>

THREE MONTHS ENDED MARCH 31,	YEAR ENDED DECEMBER 31,
-----	-----
PRO	PRO

	FORMA 1995 (A)	1995	FORMA 1994 (B)	1994
	-----	----	-----	----
<S>	<C>	<C>	<C>	<C>
Ratio of earnings to combined fixed charges and preferred stock dividends:				
Consolidated operations.....	2.5	2.5	2.4	2.4
Consolidated operations, corporate (parent company) fixed charges and preferred stock dividends only.....	6.4	7.6	5.6	7.6

</TABLE>

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(a) Assuming the AFC acquisition and proposed permanent financing, including this Offering, had been effective as of January 1, 1994.

(b) Assuming the AFC and WNC acquisitions and the AFC proposed permanent financing, including this Offering, had been effective as of January 1, 1994. See American General's Current Report on Form 8-K dated May 9, 1995 incorporated herein by reference.

USE OF PROCEEDS

American General Capital will invest the proceeds received from the sale of the Series A Preferred Securities in the Series A Junior Subordinated Debentures of American General. After paying the Underwriters' Compensation and other expenses associated with the offering made hereby (the "Offering"), American General will use the net proceeds of approximately \$ (approximately \$ if the Underwriters' over-allotment option is exercised in full) to repay short-term notes issued in connection with the acquisition of AFC. See "American General Corporation -- Recent Developments." At , 1995, the blended interest rate on such short-term notes was % per annum.

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SUMMARY FINANCIAL INFORMATION OF AMERICAN GENERAL

The following table presents summary consolidated financial information derived from American General's audited financial statements, as of and for the five years ended December 31, 1994. The financial data as of March 31, 1995 and for the three months ended March 31, 1995 and 1994 has been derived from American General's unaudited quarterly financial statements, which, in the opinion of management, include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the Company's results of operations and financial position. The results of operations for the three months ended March 31, 1995 are not necessarily indicative of results to be anticipated for the entire year. The table should be read in conjunction with "Management's Discussion and Analysis of American General" and the consolidated financial statements and the notes thereto incorporated herein by reference.

(IN MILLIONS, EXCEPT PER SHARE DATA)

Operating Results and Per Share Data

<TABLE>

<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,				
	1995	1994	1994	1993	1992	1991	1990
	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$ 1,518	\$ 1,214	\$ 4,841	\$ 4,829	\$ 4,602	\$ 4,395	\$ 4,434
	=====	=====	=====	=====	=====	=====	=====
Business segment earnings							
Retirement Annuities.....	\$ 54	\$ 53	\$ 187	\$ 162	\$ 130	\$ 110	\$ 99
Consumer Finance.....	60	53	245	206	161	136	125
Life Insurance.....	84 (a)	64	257	(9) (b)	323	326	303
	-----	-----	-----	-----	-----	-----	-----
Total business segments.....	198	170	689	359	614	572	527

Corporate operations							
Net interest on corporate debt.....	(27)	(19)	(76)	(81)	(85)	(87)	(119)
Expenses not allocated to segments...	(9)	(6)	(29)	(25)	(28)	(37)	(52)
Earnings on corporate assets.....	6	15	43	21	23	31	69
Net equity in WNC.....	6	-	-	-	-	-	-
Net realized investment gains (losses).....	1	1	(114) (c)	6	9	1	137 (d)
Total corporate operations.....	(23)	(9)	(176)	(79)	(81)	(92)	35
Income before cumulative effect and tax rate related adjustment.....	175	161	513	280	533	480	562
Tax rate related adjustment.....	-	-	-	(30)	-	-	-
Cumulative effect of accounting changes.....	-	-	-	(46)	-	-	-
Net income.....	\$ 175	\$ 161	\$ 513	\$ 204	\$ 533	\$ 480	\$ 562
Net income per share.....	\$.85	\$.75	\$ 2.45	\$.94 (b)	\$ 2.45	\$ 2.13	\$ 2.35
Dividends per share.....	\$.31	\$.29	\$ 1.16	\$ 1.10	\$ 1.04	\$ 1.00	\$.79 (e)

</TABLE>

Financial Position and Book Value Per Share

<TABLE>
<CAPTION>

	MARCH 31, 1995	DECEMBER 31,				
	1994	1993	1992	1991	1990	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Assets.....	\$ 55,667 (f)	\$ 46,295 (g)	\$ 43,982 (g)	\$ 39,742	\$ 36,105	\$ 33,808
Debt (including short-term)						
Corporate.....	2,359	1,475	1,257	1,371	1,391	1,555
Real Estate.....	349	361	429	616	590	498
Consumer Finance.....	7,261	7,090	5,843	5,484	5,243	5,096
Redeemable equity.....	47	47	-	-	-	296
Shareholders' equity.....	4,422 (f)	3,457 (g)	5,137 (g)	4,616	4,329	4,138
Book value per share.....	21.77 (f)	17.05 (g)	23.96 (g)	21.33	19.86	18.57

</TABLE>

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- (a) Includes two months of operations for AFC, which was acquired January 31, 1995.
- (b) Includes \$300 million write-down of goodwill. See "Significant Events -- 1993 Significant Events" within Item 7 and Note 1.7 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.
- (c) Results primarily from the capital gains offset program. See "Significant Events -- Capital Gains Offset Program" within Item 7 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.
- (d) Results primarily from the sale of substantially all of the common stock portfolio.
- (e) Excludes special dividends of \$.61 per share.
- (f) Includes \$172 million, \$106 million, and \$.52 decrease in assets, shareholders' equity, and book value per share, respectively, due to the effect of SFAS 115. See "Management's Discussion and Analysis" within American General's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995 incorporated herein by reference.
- (g) Includes \$986 million, \$950 million, and \$4.65 decrease in assets, shareholders' equity, and book value per share, respectively, at December 31, 1994, and \$1.0 billion, \$676 million, and \$3.14 increase in assets, shareholders' equity, and book value per share, respectively, at December 31, 1993, due to the effect of SFAS 115. See "Significant Events -- Effect of SFAS 115" within Item 7 and Note 1.2 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.

DESCRIPTION OF THE SERIES A PREFERRED SECURITIES

GENERAL

The following summary of certain terms and provisions of the Series A Preferred Securities supplements the description of the terms and provisions of the Preferred Securities set forth in the accompanying Prospectus under the heading "Description of the Preferred Securities," to which description reference is hereby made. Capitalized terms used and not defined in this Prospectus Supplement have the meanings ascribed to them in the accompanying Prospectus. The Series A Preferred Securities constitute a series of Preferred Securities of American General Capital having such dividend terms, liquidation preferences per share, voting rights, redemption provisions and other rights, preferences, privileges, limitations and restrictions as are set forth in the LLC Agreement, the Delaware Limited Liability Company Act (the "LLC Act") and the written action taken or to be taken pursuant to the LLC Agreement by the Manager relating to the Series A Preferred Securities (the "Series A Declaration"). The summary of certain terms and provisions of the Series A Preferred Securities set forth below does not purport to be complete and is subject to, and qualified in its entirety by reference to, the LLC Agreement and the Series A Declaration. The LLC Agreement and the form of the Series A Declaration have been filed as exhibits to the Registration Statement of which this Prospectus Supplement and accompanying Prospectus is a part.

DIVIDENDS

General. Holders of the Series A Preferred Securities will be entitled to receive cumulative cash dividends from American General Capital, accruing from the date of original issuance and payable monthly in arrears on the last day of each calendar month of each year, commencing June 30, 1995, except as otherwise described below. The dividends payable on each Series A Preferred Security will be fixed at the annual rate of \$, or % of the liquidation preference of \$25 per Series A Preferred Security. The amount of dividends payable for any full monthly dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months, and for any period shorter than a full monthly dividend period, will be computed on the basis of the actual number of days elapsed in such period. Payment of dividends is limited to the funds held by American General Capital and legally available for distribution to holders of Series A Preferred Securities. See "Description of the Series A Junior Subordinated Debentures -- Interest."

Dividends on the Series A Preferred Securities must be declared monthly and paid on the last day of each calendar month to the extent that American General Capital has funds legally available for the payment of such dividends and cash on hand sufficient to make such payments. It is anticipated that the funds of American General Capital will be limited principally to payments received from American General under the Series A Junior Subordinated Debentures. If American General fails to make interest payments on the Series A Junior Subordinated Debentures, American General Capital will not have sufficient funds to pay dividends on the Series A Preferred Securities. The payment of dividends (but only if and to the extent declared from funds of American General Capital legally available therefor) will be guaranteed by American General as and to the extent set forth herein and under "Description of the Guarantees" in the accompanying Prospectus.

American General has the right under the Series A Junior Subordinated Debentures to extend, from time to time, the interest payment period on the Series A Junior Subordinated Debentures for up to 60 consecutive months on one or more occasions, but not beyond the stated maturity date or date of redemption thereof. Monthly dividends on the Series A Preferred Securities would be deferred (but would continue to accumulate monthly and Additional Dividends, intended to provide monthly compounding on dividend arrearages, would also accumulate) by American General Capital during any such extension of the interest payment period. American General Capital will give written notice of American General's extension of the interest payment period to the holders of the Series A Preferred Securities no later than the last date on which it would be required to notify the

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NYSE of the record or payment date of the related dividend, which is currently 10 days prior to such record or payment date. See "-- Additional Dividends" and "Description of the Series A Junior Subordinated Debentures -- Option to Extend Interest Payment Period." Any failure by American General to make interest payments on the Series A Junior Subordinated Debentures within 10 days of the relevant payment dates in the absence of an extension of an interest payment period would constitute an Event of Default (as defined under "Description of

the Junior Subordinated Debentures -- Events of Default" in the accompanying Prospectus) under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures. American General has agreed, among other things, not to declare or pay any dividend on any of its capital stock at any time that American General has exercised its option to extend an interest payment period on the Series A Junior Subordinated Debentures and such extension is continuing or any Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures shall have occurred and be continuing. See "Description of the Guarantees -- Certain Covenants of American General" in the accompanying Prospectus.

Dividends declared on the Series A Preferred Securities will be payable to the holders thereof as they appear on the books and records of American General Capital on the relevant record dates, which, if and so long as the Series A Preferred Securities are in book-entry form, will be one Business Day (as defined below) prior to the related payment dates. Subject to any applicable laws and regulations and the LLC Agreement and the Series A Declaration, each such payment will be made as described under "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying Prospectus. In the event that the Series A Preferred Securities shall not continue to remain in book-entry form, the Manager shall have the right to select relevant record dates that are more than one Business Day prior to the related payment dates. If any date on which dividends are payable on the Series A Preferred Securities is not a Business Day, then payment of the dividend payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day is in the next succeeding calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. A "Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

Additional Dividends. Upon any dividend arrearages in respect of the Series A Preferred Securities, American General Capital will be required to declare and pay additional dividends on the Series A Preferred Securities in order to provide, in effect, monthly compounding on such dividend arrearages. The amounts payable to effect such monthly compounding on dividend arrearages in respect of the Series A Preferred Securities are referred to herein as "Additional Dividends."

Certain Restrictions on American General Capital. If accumulated dividends (including Additional Dividends) have not been paid in full on the Series A Preferred Securities, American General Capital may not:

(i) pay, or declare and set aside for payment, any dividends on the Preferred Securities of any other series or any other limited liability company interests in American General Capital ranking pari passu with the Series A Preferred Securities as to the payment of dividends ("Dividend Parity Securities"), unless the amount of any dividends declared on such Dividend Parity Securities is paid on such Dividend Parity Securities and the Series A Preferred Securities on a pro rata basis on the date such dividends are paid on such Dividend Parity Securities, so that the ratio of (x) (A) the aggregate amount paid as dividends on the Series A Preferred Securities to (B) the aggregate amount paid as dividends on such Dividend Parity Securities is the same as the ratio of (y) (A) the aggregate amount of all accumulated arrears of unpaid dividends on the Series A Preferred Securities to (B) the aggregate amount of all accumulated arrears of unpaid dividends on such Dividend Parity Securities;

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(ii) pay, or declare and set aside for payment, any dividends on any limited liability company interests in American General Capital ranking junior to the Series A Preferred Securities as to the payment of dividends ("Dividend Junior Securities"); or

(iii) redeem, purchase, or otherwise acquire any Dividend Parity Securities or Dividend Junior Securities (other than purchases or acquisitions resulting from the reclassification of such securities or the exchange or conversion of any Dividend Parity Security or Dividend Junior Security pursuant to the terms thereof or the purchase of fractional interests therein upon such conversion or exchange);

until, in each case, such time as all accumulated and unpaid dividends (including Additional Dividends) on all of the Series A Preferred Securities shall have been paid in full or have been irrevocably set aside for payment in full for all dividend periods terminating on or prior to, in the case of clauses (i) and (ii), the date of such payment, and in the case of clause (iii), the

date of such redemption, purchase, or other acquisition.

OPTIONAL REDEMPTION

On or after _____, 2000, the Series A Preferred Securities will be redeemable at the option of American General Capital (subject to the prior consent of American General), in whole or in part, from time to time, at the Redemption Price. American General Capital may not redeem the Series A Preferred Securities in part unless all accumulated and unpaid dividends (whether or not earned or declared), including Additional Dividends, have been paid in full on all Series A Preferred Securities for all monthly dividend periods terminating on or prior to the date of redemption.

American General has the right to cause American General Capital to exercise such optional redemption rights. In addition, subject to applicable law (including, without limitation, United States federal securities laws), American General or its subsidiaries may at any time and from time to time purchase outstanding Series A Preferred Securities by tender, in the open market or otherwise.

SPECIAL EVENT REDEMPTION OR EXCHANGE

At any time after the occurrence of a Tax Event or an Investment Company Event (each, a "Special Event"), American General Capital (subject to the prior consent of American General) may, upon not less than 30 nor more than 60 calendar days' notice to the holders of Series A Preferred Securities, either (i) redeem the Series A Preferred Securities in whole but not in part, at the Redemption Price, or (ii) exchange, in whole but not in part, the Series A Preferred Securities for Series A Junior Subordinated Debentures having an aggregate principal amount and accrued and unpaid interest equal to the aggregate liquidation preference and accumulated and unpaid dividends (including Additional Dividends), respectively, of the Series A Preferred Securities (a "Special Event Exchange"). In connection with any Special Event Exchange, American General Capital may be liquidated, dissolved or wound-up. Upon any Special Event Exchange, American General will use its best efforts to have the Series A Junior Subordinated Debentures listed on the NYSE or other exchange on which the Series A Preferred Securities may then be listed. American General has the right to cause American General Capital to exercise its right to effect a Special Event Exchange.

"Tax Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the interpretation of any law or regulation by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that American General Capital or American General shall have received an opinion of nationally recognized

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independent legal counsel experienced in such matters that, as a result of such change, there exists more than an insubstantial risk that (i) American General Capital will be subject to federal income tax with respect to the interest received on the Series A Junior Subordinated Debentures, (ii) American General will be precluded from deducting the interest paid on the Series A Junior Subordinated Debentures for federal income tax purposes or (iii) American General Capital will be subject to more than a de minimis amount of other taxes, duties or other governmental charges.

"Investment Company Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the interpretation of any law or regulation by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that American General Capital or American General shall have received an opinion of nationally recognized independent legal counsel experienced in practice under the Investment Company Act of 1940, as amended (the "1940 Act") that, as a result of such change, there exists more than an insubstantial risk that American General Capital is or will be considered an "investment company" which is required to be registered under the 1940 Act.

After the date fixed for any Special Event Exchange, (i) the Series A Preferred Securities will no longer be deemed to be outstanding, (ii) any global certificate or certificates representing Series A Preferred Securities held by DTC or its nominee will be exchanged for a registered global certificate or certificates representing the Series A Junior Subordinated Debentures to be delivered upon such exchange, (iii) any certificates representing Series A Preferred Securities not held by DTC or its nominee and not surrendered for exchange will be deemed to represent Series A Junior Subordinated Debentures having a principal amount and accrued and unpaid interest equal to the liquidation preference plus accumulated and unpaid dividends (including Additional Dividends), respectively, of such Series A Preferred Securities until such certificates are surrendered to American General Capital or its agent for exchange (and until such certificates are so surrendered, no payments of interest or principal will be made with respect to such Series A Junior Subordinated Debentures) and (iv) all rights of the holders of the Series A Preferred Securities will cease, except the right of such holders to receive the Series A Junior Subordinated Debentures upon surrender of certificates representing the Series A Preferred Securities.

MANDATORY REDEMPTION

Upon repayment by American General of the principal of the Series A Junior Subordinated Debentures at stated maturity, earlier redemption or otherwise, including as a result of the acceleration of Series A Junior Subordinated Debentures upon the occurrence of an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures, the Series A Preferred Securities will be subject to mandatory redemption, in whole but not in part, by American General Capital and the proceeds from such repayment will be applied to redeem the Series A Preferred Securities at the Redemption Price (unless such proceeds are used to fund the aggregate Liquidation Distributions (as defined herein) on the Series A Preferred Securities in connection with the liquidation, dissolution or winding-up of American General Capital). In the case of such repayment, the Series A Preferred Securities will only be redeemed when repayment of the Series A Junior Subordinated Debentures has actually been received by American General Capital. Notwithstanding the foregoing, the Series A Preferred Securities will not be so redeemed if (i) in lieu of repaying the Series A Junior Subordinated Debentures at stated maturity or date of earlier redemption, American General is permitted by American General Capital to exchange the Series A Junior Subordinated Debentures for new Junior Subordinated Debentures or (ii) American General repays the Series A Junior Subordinated Debentures at stated maturity or date of earlier redemption but is permitted by American General Capital to reborrow the proceeds

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from such repayment which reborrowing will be evidenced by new Junior Subordinated Debentures; provided, however, that American General Capital may only permit American General to so exchange the Series A Junior Subordinated Debentures for new Junior Subordinated Debentures or reborrow the proceeds from the repayment thereof if American General Capital owns all of the Series A Junior Subordinated Debentures and the following conditions are satisfied (which satisfaction, in the case of clauses (f) through (j), shall be determined in the judgment of the Manager and American General Capital's financial advisor (which will be selected by the Manager, unaffiliated with American General and among the 30 largest investment banking firms, measured by total capital, in the United States at the time of the proposed issuance of the new Junior Subordinated Debentures that would evidence the new loan to be made in connection with such exchange or reborrowing)): (a) American General is not bankrupt, insolvent or in liquidation, (b) American General is not in default in the payment of any interest (including Additional Interest, as defined herein) or principal in respect of any Junior Subordinated Debentures under the Junior Subordinated Indenture, (c) American General has made timely payments on the Series A Junior Subordinated Debentures for the immediately preceding 24 months (and has not elected to extend any interest payment period of the Series A Junior Subordinated Debentures during such 24 month period), (d) such new Junior Subordinated Debentures will mature no later than the earlier of (1) the 49th anniversary of the date of the initial issuance of the Series A Junior Subordinated Debentures and (2) the 30th anniversary of the date such new Junior Subordinated Debentures are issued, (e) American General Capital is not in arrears in the payment of any dividends (including Additional Dividends) on the Series A Preferred Securities, (f) American General is expected to be able to make timely payment of principal of and interest on such new Junior Subordinated Debentures, (g) the issuance of such new Junior Subordinated Debentures is being made on terms, and under circumstances, that are consistent with those which a lender would then require for a loan to an unrelated party, (h) the interest rate on such new Junior Subordinated Debentures is sufficient to provide payments equal to or greater than the amount of dividend payments required under

the Series A Preferred Securities, (i) the terms of such new Junior Subordinated Debentures are consistent with market circumstances and American General's financial condition and (j) immediately prior to the issuance of such new Junior Subordinated Debentures, the senior unsecured long-term debt of American General is (or, if no such debt is outstanding, would be) rated not less than BBB (or the equivalent) by Standard & Poor's Corporation and Baa2 (or the equivalent) by Moody's Investors Service, Inc. and the subordinated unsecured long-term debt of American General (or, if more than one issue of such subordinated debt is outstanding, the most junior of such issues) is (or, if no such debt is outstanding, would be) rated not less than BBB- (or the equivalent) by Standard & Poor's Corporation and Baa3 by Moody's Investors Service, Inc. (or, if either of such rating organizations is not then rating American General's senior or subordinated unsecured long-term debt, as the case may be, the equivalent of such ratings by any other "nationally recognized statistical rating organization," as that term is defined by the Securities and Exchange Commission for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended).

REDEMPTION PROCEDURES

Notice of any redemption (optional or mandatory) of Series A Preferred Securities (which notice will be irrevocable) will be given by American General Capital to American General and each record holder of Series A Preferred Securities that are being redeemed not fewer than 30 nor more than 60 calendar days prior to the date fixed for redemption thereof. If American General Capital gives a notice of redemption, then on the redemption date American General Capital will irrevocably deposit with DTC or the Paying Agent, as the case may be, sufficient funds to pay the Redemption Price for the Series A Preferred Securities to be redeemed and give DTC or the Paying Agent, as the case may be, irrevocable instructions and authority to pay the Redemption Price to the holders of the Series A Preferred Securities to be redeemed. See "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying

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Prospectus. If notice of redemption has been given and funds irrevocably deposited with DTC or the Paying Agent, as the case may be, as required, then immediately prior to the close of business on the date of such deposit, all rights of holders of the Series A Preferred Securities so called for redemption will cease, except the right of such holders to receive the Redemption Price, but without additional interest from and after such redemption date. In the event that any date fixed for redemption is not a Business Day, then payment of the Redemption Price payable on such date will be made the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day. In the event that payment of the Redemption Price is improperly withheld or refused and not paid by either American General Capital or American General (pursuant to the Guarantee), dividends on the Series A Preferred Securities called for redemption (including any Additional Dividends thereon) will continue to accumulate at the then applicable rate, from the original redemption date to the date that the Redemption Price is actually paid and the holders of such Series A Preferred Securities may exercise all of their rights as holders of Series A Preferred Securities.

LIQUIDATION RIGHTS

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of American General Capital other than in connection with or after the exchange of the Series A Preferred Securities for the Series A Junior Subordinated Debentures in the manner described under "-- Special Event Redemption or Exchange" above, the holders of Series A Preferred Securities then outstanding will be entitled to receive out of the assets of American General Capital legally available for distribution to the holders of limited liability company interests, after satisfaction of liabilities to creditors as required by the LLC Act but before any distribution of assets is made to holders of any Common Securities or any other class of limited liability company interests in American General Capital ranking junior to the Series A Preferred Securities as to the distribution of assets upon liquidation, dissolution or winding-up of American General Capital, but together with the holders of Preferred Securities of any other series or any other limited liability company interests in American General Capital then outstanding ranking pari passu with the Series A Preferred Securities as to the distribution of assets upon liquidation, dissolution or winding-up ("Liquidation Parity Securities"), an amount equal to the liquidation preference of \$25 per Series A Preferred Security plus all accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date of payment (the "Liquidation Distribution").

If, upon any such liquidation, dissolution or winding-up, the Liquidation Distributions can be paid only in part because American General Capital has insufficient assets available to pay in full the aggregate Liquidation Distributions on the Series A Preferred Securities and the aggregate maximum liquidation distributions on the Liquidation Parity Securities, then the amounts payable directly by American General Capital on the Series A Preferred Securities and on such Liquidation Parity Securities shall be paid on a pro rata basis, so that the ratio of (i) (A) the aggregate amount paid as Liquidation Distributions on the Series A Preferred Securities to (B) the aggregate amount paid as liquidation distributions on the Liquidation Parity Securities is the same as the ratio of (ii) (A) the aggregate Liquidation Distributions on the Series A Preferred Securities to (B) the aggregate maximum liquidation distributions on the Liquidation Parity Securities.

If, upon any liquidation, dissolution or winding-up of American General Capital, the holders of Series A Preferred Securities are paid in full the Liquidation Distributions to which they are entitled, then such holders will not be entitled to receive or share in any other assets of American General Capital thereafter available for distribution to any other holders of limited liability company interests in American General Capital.

Pursuant to the LLC Agreement, American General Capital shall be dissolved and its affairs shall be wound up upon the earliest to occur of (i) December 31, 2050 (the expiration of the period fixed for the duration of American General Capital); (ii) the bankruptcy, insolvency, liquidation,

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dissolution or winding-up of the Manager or American General (collectively, the "Common Members") or the withdrawal, retirement, resignation or expulsion of either Common Member from American General Capital or the occurrence of any other event that terminates the continued membership of either Common Member therein under the LLC Act; (iii) the entry of a decree of a judicial dissolution of American General Capital under the LLC Act; (iv) the decision of the Manager to dissolve American General Capital (subject to the voting rights of the holders of Series A Preferred Securities described under "Voting Rights" below and of other holders of limited liability company interests in American General Capital); (v) the election of the Manager, in connection with or after the exchange of all series of Preferred Securities outstanding (in accordance with the written action establishing each such series of Preferred Securities) for the related series of Junior Subordinated Debentures; or (vi) upon the written consent thereto of all holders of outstanding Common Securities and Preferred Securities of American General Capital.

Any merger, consolidation, replacement, conveyance, transfer or lease effected in accordance with the provisions described under "Merger, Consolidation or Sale of Assets of American General Capital" below shall not be deemed a liquidation, dissolution or winding-up of American General Capital for the foregoing purposes.

VOTING RIGHTS

Except as provided below and under "Description of the Guarantees -- Amendments and Assignment" and "Description of the Junior Subordinated Debentures -- Modification of the Junior Subordinated Indenture" in the accompanying Prospectus and as otherwise required by law and provided by the LLC Agreement, the holders of the Series A Preferred Securities will have no voting rights.

If (i) American General Capital fails to pay dividends in full (including any arrearages and Additional Dividends) on the Series A Preferred Securities for 18 consecutive months; (ii) an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures occurs and is continuing; or (iii) American General is in default under any of its payment or other obligations under the Guarantee with respect to the Series A Preferred Securities, then the holders of outstanding Series A Preferred Securities will be entitled by the vote of a majority in aggregate liquidation preference of such holders to appoint and authorize a special trustee (a "Special Trustee") to enforce American General Capital's rights under the Series A Junior Subordinated Debentures against American General, enforce the obligations undertaken with respect to the Series A Preferred Securities by American General under the Guarantee and, to the extent permitted by law, declare and pay dividends on the Series A Preferred Securities to the extent funds of American General Capital are legally available therefor (but only in the event that American General Capital's failure to pay dividends on the Series A Preferred Securities is not a consequence of American General's exercise of

its right to extend the interest payment period on the Series A Junior Subordinated Debentures). For purposes of determining whether American General Capital has failed to pay dividends in full for 18 consecutive months, dividends shall be deemed to remain in arrears, notwithstanding any partial payments in respect thereof, until all accumulated and unpaid dividends (including any Additional Dividends) have been or contemporaneously are declared and paid with respect to all monthly dividend periods terminating on or prior to the date of payment of such full cumulative dividends. Not later than 30 calendar days after such right to appoint a Special Trustee arises and upon not less than 15 calendar days' written notice by first-class mail to the holders of Series A Preferred Securities, the Manager will convene a meeting to elect a Special Trustee. If the Manager fails to convene such meeting within such 30-day period, the holders of at least 10% of the aggregate liquidation preference of the Series A Preferred Securities will be entitled to convene such meeting. In the event that, at such meeting, holders of less than a majority in aggregate liquidation preference of Series A Preferred Securities vote for such appointment, no Special Trustee shall be appointed. Any Special Trustee shall vacate office immediately if American General Capital (or American General pursuant to the Guarantee) shall have paid in full all

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accumulated and unpaid dividends (including any Additional Dividends) on the Series A Preferred Securities or such Event of Default under the Junior Subordinated Indenture or such default under the Guarantee, as the case may be, shall have been cured. Notwithstanding the appointment of any such Special Trustee, American General will retain all rights, including the right to extend the interest payment period from time to time as provided under "Description of the Series A Junior Subordinated Debentures -- Option to Extend Interest Payment Period," and be subject to all obligations under the Junior Subordinated Indenture and as obligor under the Series A Junior Subordinated Debentures; and any such extension would not constitute an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures or enable a holder of Series A Preferred Securities to require the payment of a dividend that has not theretofore been declared.

In furtherance of the foregoing, and without limiting the powers of any Special Trustee so appointed and for the avoidance of any doubt concerning the powers of the Special Trustee, any Special Trustee, in its own name and as trustee of an express trust, may, subject to the applicable provisions of the Junior Subordinated Indenture, institute a proceeding, including, without limitation, any suit in equity, an action at law or other judicial or administrative proceeding, to enforce American General Capital's creditor rights directly against American General to the same extent as American General Capital and on behalf of American General Capital, and may prosecute such proceeding to judgment or final decree, and enforce the same against American General and, subject to the subordination provisions contained in the Junior Subordinated Indenture, collect, out of the property, wherever situated, of American General the monies adjudged or decreed to be payable in the manner and to the extent provided by law.

If any proposed amendment to the LLC Agreement or the Series A Declaration provides for, or the Manager otherwise proposes to effect, (i) any action that would materially adversely affect the powers, preferences or special rights of the Series A Preferred Securities, whether by way of amendment to the LLC Agreement, the Series A Declaration or otherwise, including, without limitation, the authorization or issuance of any limited liability company interests of American General Capital ranking, as to payment of dividends or distribution of assets upon liquidation, dissolution or winding-up of American General Capital, senior to the Series A Preferred Securities, (ii) the liquidation, dissolution or winding-up of American General Capital (in any case other than upon the occurrence of a Special Event Exchange, as described under "-- Merger, Consolidation or Sale of Assets of American General Capital" or as described in the proviso to the next succeeding sentence), or (iii) the commencement of any voluntary bankruptcy, insolvency, reorganization or other similar proceeding involving American General Capital, then the holders of outstanding Series A Preferred Securities will be entitled to vote on such amendment or action of the Manager (but not on any other amendment or action). In the case of an amendment or action described in clause (i) which would materially adversely affect the powers, preferences or special rights of any Dividend Parity Securities or any Liquidation Parity Securities, the holders of such Dividend Parity Securities or Liquidation Parity Securities, as the case may be, or, in the case of an amendment or action described in clause (ii) or (iii), the holders of all Liquidation Parity Securities, will be entitled to vote with the holders of the Series A Preferred Securities, together as a class, on such amendment or action of the Manager and such amendment or action shall not be effective except with the approval of the holders of at least 66 2/3% of the aggregate liquidation

preference of such outstanding securities; provided, however, that no such approval shall be required if the liquidation, dissolution or winding-up of American General Capital is proposed or initiated upon the occurrence of certain of the events specified in the LLC Agreement. See "-- Liquidation Rights."

The powers, preferences or special rights attached to the Series A Preferred Securities will be deemed not to be adversely affected by the creation or issuance of, and no vote will be required for the creation or issuance of, any further limited liability company interests of American General Capital ranking junior to or pari passu with the Series A Preferred Securities with respect to voting

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rights or rights to payment of dividends or distribution of assets upon liquidation, dissolution or winding-up of American General Capital.

So long as any Series A Junior Subordinated Debentures are held by American General Capital, the Manager shall not (i) at any time in which a Special Trustee has been appointed, direct the time, method and place of conducting any proceeding for any remedy available to the Special Trustee or the Junior Subordinated Trustee, or the exercise of any trust or power conferred on the Special Trustee or the Junior Subordinated Trustee with respect to the Series A Junior Subordinated Debentures, (ii) waive compliance with, or any past default under, the Series A Junior Subordinated Debentures or the Junior Subordinated Indenture (to the extent that holders of Series A Junior Subordinated Debentures are entitled to the benefits of the covenant or condition waived or breached), (iii) exercise any right to rescind or annul a declaration that the principal of the Series A Junior Subordinated Debentures shall be due and payable, (iv) consent to any amendment or modification of the Series A Junior Subordinated Debentures or of the Junior Subordinated Indenture without, in each case, obtaining the prior approval of the holders of at least 66 2/3% of the aggregate liquidation preference of the Series A Preferred Securities then outstanding; provided, however, that where a waiver or consent under the Series A Junior Subordinated Debentures would require the waiver or consent of each holder affected thereby, no such waiver or consent shall be given by the Manager without the prior consent of each holder of the Series A Preferred Securities. The Manager shall not revoke any action previously authorized or approved by a vote of holders of the Series A Preferred Securities, without the approval of holders of at least 66 2/3% of the aggregate liquidation preference of the Series A Preferred Securities then outstanding (or, if such action required the approval of each holder, then only with the approval of each holder). The Manager shall notify all holders of the Series A Preferred Securities of any notice of default received from the Junior Subordinated Trustee under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures.

Any required approval of holders of the Series A Preferred Securities may be given at a separate meeting of such holders convened for such purpose or at a meeting of holders of limited liability company interests in American General Capital or pursuant to written consents. The Manager will cause a notice of any meeting at which holders of the Series A Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such holders is to be taken, to be mailed to each holder of the Series A Preferred Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any matter on which such holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

Notwithstanding that holders of Series A Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Series A Preferred Securities and any other series of Preferred Securities that are entitled to vote or consent with such Series A Preferred Securities as a single class at such time that are owned by American General or by any entity more than 50% of which is owned by American General, either directly or indirectly, shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if they were not outstanding.

TRANSFER AGENT, REGISTRAR AND PAYING AGENT

Chemical Mellon Shareholder Services, LLC will act as Transfer Agent, Registrar and Paying Agent for the Series A Preferred Securities, but American General Capital may designate an additional or substitute Transfer Agent, Registrar or Paying Agent. In the event that the Series A Preferred Securities do not remain in book-entry-only form, registration of transfers of Series A Preferred Securities will be effected without charge by or on behalf of American

General Capital, but upon payment in respect of any tax or other governmental charges which may be imposed in connection therewith (and/or the giving of such indemnity as American General Capital or the Manager may require with respect thereto). Exchanges of Series A Preferred Securities for Series A

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Junior Subordinated Debentures will be effected without charge by or on behalf of American General Capital, but upon payment in respect of any tax or other governmental charges which may be imposed (and/or the giving of such indemnity as American General Capital or the Manager may require with respect thereto) in connection with the issuance of any Series A Junior Subordinated Debentures in the name of any person other than the registered holder of the Series A Preferred Security for which the Series A Junior Subordinated Debenture is being exchanged or for any reason other than such exchange. American General Capital will not be required to register or cause to be registered the transfer of Series A Preferred Securities after such Series A Preferred Securities have been called for redemption or exchange.

MERGER, CONSOLIDATION OR SALE OF ASSETS OF AMERICAN GENERAL CAPITAL

American General Capital may not consolidate with, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to, any entity, except with the prior approval of the holders of not less than 66 2/3% of the aggregate liquidation preference of the Series A Preferred Securities or as described below. American General Capital may, without the consent of the holders of the Series A Preferred Securities, consolidate with, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to, a limited liability company, limited partnership or trust organized as such under the laws of any state of the United States of America or the District of Columbia, provided that (i) such successor entity either (x) expressly assumes all of the obligations of American General Capital under the Series A Preferred Securities or (y) substitutes for the Series A Preferred Securities other securities having substantially the same terms as the Series A Preferred Securities (the "Successor Securities") so long as the Successor Securities rank, with respect to participation in the profits or assets of the successor entity, at least as high as the Series A Preferred Securities rank with respect to payment of dividends and distribution of assets upon the liquidation, dissolution or winding-up of American General Capital, (ii) American General expressly acknowledges such successor entity as the holder of the Series A Junior Subordinated Debentures and its obligations under the Guarantee with respect to the Successor Securities, (iii) such merger, consolidation, replacement, conveyance, transfer or lease does not cause the Series A Preferred Securities (or any Successor Securities) to be delisted (or, in the case of any Successor Securities, to fail to be listed) by any national securities exchange or other organization on which the Series A Preferred Securities are then listed, (iv) such merger, consolidation, replacement, conveyance, transfer or lease does not cause the Series A Preferred Securities (or any Successor Securities) to be downgraded by any nationally recognized statistical rating organization, (v) such merger, consolidation, replacement, conveyance, transfer or lease does not adversely affect the powers, preferences and other special rights of the holders of the Series A Preferred Securities (or any Successor Securities) in any material respect (other than with respect to any dilution of the holders' interest in the new entity), and (vi) prior to such merger, consolidation, replacement, conveyance, transfer or lease, American General has received an opinion of nationally recognized independent legal counsel to American General Capital experienced in such matters to the effect that (x) such successor entity will be treated as a partnership or as a grantor trust, as appropriate, for federal income tax purposes, (y) following such merger, consolidation, replacement, conveyance, transfer or lease, American General and such successor entity will be in compliance with the 1940 Act without registering thereunder as an investment company and (z) such merger, consolidation, replacement, conveyance, transfer or lease will not adversely affect the limited liability of the holders of the Series A Preferred Securities (or any Successor Securities) or result in federal income tax liability to such holders other than with respect to any fractional share interests converted into cash.

MISCELLANEOUS

The Manager is authorized and directed to conduct its affairs and to operate American General Capital in such a way that American General Capital will not be deemed to be an "investment

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company" required to be registered under the 1940 Act or taxed as a corporation

for federal income tax purposes and so that the Series A Junior Subordinated Debentures will be treated as indebtedness of American General for federal income tax purposes. In this connection, the Manager is authorized to take any action not inconsistent with applicable law, the LLC Agreement and the Series A Declaration that does not adversely affect the interests of the holders of the Series A Preferred Securities and that the Manager determines in its discretion to be necessary or desirable for such purposes.

DESCRIPTION OF THE SERIES A JUNIOR SUBORDINATED DEBENTURES

Set forth below is a description of the specific terms of the Series A Junior Subordinated Debentures in which American General Capital will invest (i) the proceeds of the issuance and sale of the Series A Preferred Securities and (ii) substantially all of the purchase price paid by American General and the Manager for the Common Securities and any related capital contribution (the "Common Securities Payment"). This description supplements the description of the general terms and provisions of the Junior Subordinated Debentures set forth in the accompanying Prospectus under the caption "Description of the Junior Subordinated Debentures." The form of the resolutions of American General's Board of Directors or a special committee thereof establishing the Series A Junior Subordinated Debentures is filed as an exhibit to the Registration Statement of which this Prospectus Supplement is a part.

GENERAL

The Series A Junior Subordinated Debentures will be limited in aggregate principal amount to the sum of the aggregate amount of the proceeds received by American General Capital from the Offering and the Common Securities Payment, less 1% of such sum.

The entire principal amount of the Series A Junior Subordinated Debentures will become due and payable, together with any accrued and unpaid interest thereon, including Additional Interest, if any, on the earlier of (i) , 2025 (subject to American General's right to exchange the Series A Junior Subordinated Debentures for new Junior Subordinated Debentures or to reborrow the proceeds from the repayment of the Series A Junior Subordinated Debentures upon the terms and subject to the conditions set forth under "Description of the Series A Preferred Securities -- Mandatory Redemption") or (ii) the date upon which American General Capital is liquidated, dissolved or wound-up; provided, however, that in the event that the Series A Preferred Securities are exchanged for Series A Junior Subordinated Debentures in the manner described under "Description of the Series A Preferred Securities -- Special Event Redemption or Exchange," (x) the Series A Junior Subordinated Debentures will mature on , 2025, notwithstanding that American General Capital may have liquidated, dissolved or wound-up in connection with or after such exchange and (y) the Series A Junior Subordinated Debentures will not thereafter be subject to an election by American General to exchange the Series A Junior Subordinated Debentures for new Junior Subordinated Debentures or to redeem or repay the Series A Junior Subordinated Debentures and reborrow the proceeds from such redemption or repayment.

The Series A Junior Subordinated Debentures are subordinate and junior in right of payment to all Senior Indebtedness of American General in the manner described under the caption "Description of Junior Subordinated Debentures -- Subordination" in the accompanying Prospectus.

INTEREST

Each Series A Junior Subordinated Debenture will bear interest at the rate of % per annum from the original date of issuance, payable monthly in arrears on the last day of each calendar month of each year (each, an "Interest Payment Date"), commencing June 30, 1995. Interest will compound monthly and will accrue at the annual rate of % on any interest installment not paid when due.

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The amount of interest payable for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months and, for any period shorter than a full month, will be computed on the basis of the actual number of days elapsed in such period. In the event that any date on which principal or interest is payable on the Series A Junior Subordinated Debentures is not a Business Day, then the required payment to be made on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Interest payments on the Series A Junior Subordinated Debentures will generally be payable to the holders thereof as they appear in

the security register maintained pursuant to the Junior Subordinated Indenture on the relevant record dates, which will be one Business Day prior to the relevant interest payment dates; provided, however, that if the Series A Junior Subordinated Debentures are not in book-entry-only form during any period following a Special Event Exchange, the relevant record date during such period will be the fifteenth day of the month with respect to the interest payment that is to be paid on the last day of such month.

OPTION TO EXTEND INTEREST PAYMENT PERIOD

American General will have the right at any time and from time to time during the term of the Series A Junior Subordinated Debentures to extend the interest payment period to a period ending on an interest payment date not exceeding 60 consecutive months, but in no event beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. At the end of any such Extension Period, American General shall pay all interest then accrued and unpaid (together with any Additional Interest to the extent permitted by applicable law). Prior to the termination of any Extension Period of less than 60 consecutive months, American General may further extend the interest payment period, provided that such Extension Period, as further extended, does not exceed 60 consecutive months and does not extend beyond the stated maturity date or date of redemption of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all amounts then due, American General may select a new Extension Period, subject to the above requirements. No interest will be due during an Extension Period until the Interest Payment Date that is the last day of such Extension Period. During any Extension Period, American General has agreed not to take, and to cause its majority-owned subsidiaries not to take, certain actions as described under "Description of the Junior Subordinated Debentures -- Certain Covenants of American General" in the accompanying Prospectus. American General will give American General Capital, as holder of the Series A Junior Subordinated Debentures, notice of its selection of any Extension Period one Business Day prior to the earlier of (i) the date the dividends on the Series A Preferred Securities are payable or (ii) the date American General Capital is required to give notice to the NYSE or other applicable self-regulatory organization or to holders of the Series A Preferred Securities of the record date or the date such dividend is payable (which is currently 10 days prior to such date), but in any event not less than one Business Day prior to such record date. The Manager will cause American General Capital to give notice of American General's selection of such Extension Period to the holders of the Series A Preferred Securities. If the Series A Preferred Securities have been exchanged for the Series A Junior Subordinated Debentures following the occurrence of a Special Event, American General will give the holders of the Series A Junior Subordinated Debentures notice of its selection of any Extension Period not less than two Business Days prior to the record date related to the first interest payment date for which such Extension Period will be effective. If American General selects an Extension Period and thereafter elects to extend the Extension Period, then it is required to give a similar notice prior to the then scheduled end of the Extension Period.

ADDITIONAL INTEREST

American General will be required to pay interest at the rate of % per annum upon any interest that has not been paid on the Series A Junior Subordinated Debentures during an Extension Period.

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Accordingly, in such circumstances, American General will, to the extent permitted by applicable law, pay interest upon interest in order to provide for monthly compounding on the Series A Junior Subordinated Debentures. The persons entitled to receive such interest shall be the holders of the Series A Junior Subordinated Debentures on the record date for the Interest Payment Date that is the last day of the Extension Period. In addition, if at any time prior to an exchange of the Series A Preferred Securities for Series A Junior Subordinated Debentures in connection with a Special Event, American General Capital shall be required to pay, with respect to its income derived from the interest payments on the Series A Junior Subordinated Debentures, any amounts for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed by the United States (other than withholding taxes), or any other taxing authority, then, in any such case, American General will pay as additional interest such additional amounts as may be necessary in order that the net amounts received and retained by American General Capital after the payment of such taxes, duties, assessments or governmental charges (including such taxes, duties, assessments or governmental charges with respect to such additional interest) shall result in American General Capital's having such funds as it would have had in the absence of the payment of such taxes, duties, assessments or governmental charges. The amounts of interest payable pursuant to the

preceding sentence and to effect monthly compounding on the Series A Junior Subordinated Debentures are collectively referred to herein as "Additional Interest."

OPTIONAL REDEMPTION

American General will have the right to redeem the Series A Junior Subordinated Debentures, in whole or in part, at any time or from time to time on or after , 2000 at a cash redemption price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest, including any Additional Interest, on the portion being redeemed. At any time after the occurrence of a Special Event and prior to a Special Event Exchange, American General will also have the right to redeem the Series A Junior Subordinated Debentures, in whole but not in part, at a cash redemption price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest, including any Additional Interest, thereon to the Redemption Date.

In addition, if at any time prior to a Special Event Exchange American General is, or in the opinion of nationally recognized independent legal counsel would be, required to pay Additional Interest with respect to the Series A Junior Subordinated Debentures (other than Additional Interest required in order to provide for monthly compounding on the Series A Junior Subordinated Debentures), American General will have the right to redeem the Series A Junior Subordinated Debentures, in whole but not in part, at a cash redemption price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest, including any Additional Interest, thereon to the redemption date.

If, prior to a Special Event Exchange, American General or any of its subsidiaries purchases any Series A Preferred Securities by tender, in the open market, or otherwise, American General may redeem the Series A Junior Subordinated Debentures in a principal amount not to exceed the aggregate liquidation preference of the Series A Preferred Securities so purchased, at a cash redemption price equal to the principal amount thereof, plus any accrued and unpaid interest, including any Additional Interest, thereon to the redemption date.

Notice of any such redemption occurring after a Special Event Exchange will be given by American General to the holder or holders of the Series A Junior Subordinated Debentures in a manner similar to that required to be given by American General Capital with respect to the redemption of the Series A Preferred Securities. See "Description of the Series A Preferred Securities -- Redemption Procedures."

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MANDATORY PREPAYMENT

If American General Capital redeems the Series A Preferred Securities in accordance with the terms thereof, the Series A Junior Subordinated Debentures will become due and payable in a principal amount equal to the aggregate liquidation preference of the Series A Preferred Securities so redeemed, together with any accrued and unpaid interest, including any Additional Interest, thereon to the redemption date. Any redemption pursuant to this provision shall be made prior to 12:00 noon, New York time, on the date of such redemption or at such other time on such earlier date as American General and American General Capital shall agree.

SET-OFF

Notwithstanding anything to the contrary in the Junior Subordinated Indenture, American General shall have the right to set-off any payment with respect to the Series A Junior Subordinated Debentures it is otherwise required to make thereunder with and to the extent American General has theretofore made, or is concurrently on the date of such payment making, a payment under the Guarantee with respect to the Series A Preferred Securities.

ENFORCEMENT OF CERTAIN RIGHTS BY SPECIAL TRUSTEE

If, prior to a Special Event Exchange, (i) American General Capital fails

to pay dividends in full (including any arrearages) on the Series A Preferred Securities for 18 consecutive months; (ii) an Event of Default under the Junior Subordinated Indenture with respect to the Series A Junior Subordinated Debentures occurs and is continuing; or (iii) American General is in default under any of its payment or other obligations under the Guarantee with respect to the Series A Preferred Securities, then, under the terms of the Series A Preferred Securities, the holders of outstanding Series A Preferred Securities will have the rights referred to under "Description of the Series A Preferred Securities -- Voting Rights," including the right to appoint a Special Trustee, which Special Trustee would be authorized, subject to the applicable provisions of the Junior Subordinated Indenture, to exercise American General Capital's right to accelerate the principal amount of the Series A Junior Subordinated Debentures and to enforce American General Capital's other creditor rights with respect to the Series A Junior Subordinated Debentures. Notwithstanding the appointment of any such Special Trustee, American General Delaware Management Corporation would continue as Manager and American General would retain all rights, including the right to extend the interest payment period from time to time as described above under the caption "-- Option to Extend Interest Payment Period," and be subject to all of the obligations under the Junior Subordinated Indenture and as obligor under the Series A Junior Subordinated Debentures.

GLOBAL SECURITIES

If, immediately prior to any Special Event Exchange following the occurrence of a Special Event, the Series A Preferred Securities are represented by one or more global securities held by DTC, then the Series A Junior Subordinated Debentures exchanged for the Series A Preferred Securities will be represented by one or more global securities registered in the name of DTC or its nominee and be deposited with DTC or its custodian. Unless and until it is exchanged in whole or in part for the Series A Junior Subordinated Debentures in definitive registered form, a global security may not be registered for transfer or exchange except in limited circumstances.

For a description of DTC and DTC's book-entry system, see "Description of the Preferred Securities -- Book-Entry-Only Issuance -- The Depository Trust Company" in the accompanying Prospectus. As of the date of this Prospectus Supplement, the description therein of DTC's book-entry system and DTC's practices as they relate to purchases, transfers, notices and payments with respect to the Series A Preferred Securities apply in all material respects to any debt obligations represented by one or more global securities held by DTC.

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MISCELLANEOUS

For restrictions on certain actions of American General with respect to the Series A Junior Subordinated Debentures held by American General Capital, see "Description of the Series A Preferred Securities -- Voting Rights."

If Series A Junior Subordinated Debentures are outstanding and owned by any entity other than American General, or its affiliates (including American General Capital), then any Series A Junior Subordinated Debentures owned by American General or its affiliates will not be entitled to vote or consent and will, for purposes of any such vote or consent, be treated as if they were not outstanding.

Chemical Bank will serve as the initial Paying Agent and registrar for the Series A Junior Subordinated Debentures.

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CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

GENERAL

The following is a summary of the material federal income tax considerations relevant to the purchase, ownership and disposition of the Series A Preferred Securities, which in the opinion of Vinson & Elkins L.L.P., counsel to American General and American General Capital, is accurate insofar as it expresses conclusions of law. However, this summary does not address all federal income tax aspects of the Series A Preferred Securities, or the tax considerations relevant to certain types of holders subject to special treatment under the federal income tax laws (for example, banks, life insurance companies, securities or other dealers, or foreign persons and foreign entities).

This summary is based upon current provisions of the Internal Revenue Code

of 1986, as amended (the "Code"), the Treasury Regulations promulgated thereunder, judicial decisions and Internal Revenue Service ("IRS") rulings and notices. All of these authorities, however, are subject to change; any such change may cause the tax consequences to vary substantially from those described below. Moreover, the transactions described in this Prospectus Supplement and the accompanying Prospectus raise a number of novel tax issues which have not been ruled on by the courts or the IRS in similar transactions. As a result, there can be no assurance that the IRS will not audit these transactions and, if it does so, that the IRS will agree with the conclusions set forth below or the positions taken by American General and American General Capital in conformity therewith. See "--- American General Capital Information Returns and Audit Procedures" below.

Unless otherwise indicated, the information below is directed at Holders (as defined below) who purchase Series A Preferred Securities on their original issue at their initial offering price, and that hold such Series A Preferred Securities as capital assets (generally property held for investment). For purposes of this discussion, a "Holder" is a beneficial owner of a Series A Preferred Security who or that is (i) a citizen or resident of the United States, (ii) a domestic corporation, partnership, estate or trust, or (iii) otherwise subject to United States federal income taxation on a net income basis in respect of a Series A Preferred Security.

PROSPECTIVE PURCHASERS OF SERIES A PREFERRED SECURITIES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE UNITED STATES OR OTHER TAX CONSIDERATIONS OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SERIES A PREFERRED SECURITIES, INCLUDING THE EFFECTS OF STATE, LOCAL AND FOREIGN TAX LAWS.

TAX CLASSIFICATION

While the following matters are not free from doubt, Vinson & Elkins L.L.P. is of the opinion that (i) American General Capital will be classified as a partnership for federal income tax purposes and not as an association taxable as a corporation and (ii) the Series A Junior Subordinated Debentures will be classified as indebtedness for federal income tax purposes. The following discussion assumes such classifications.

INCOME FROM SERIES A PREFERRED SECURITIES

Each Holder of Series A Preferred Securities will be required to include in gross income his distributive share of the net income of American General Capital, which net income generally will be equal to the amount of interest received or accrued by American General Capital on the Series A Junior Subordinated Debentures. Such income will not exceed dividends received on a Series A Preferred Security, except in limited circumstances. See "--- Original Issue Discount." Any amount so included in a Holder's gross income will increase his tax basis in the Series A Preferred Securities, and the amount of distributions of cash or other property by American General Capital to a Holder will reduce such Holder's tax basis in the Series A Preferred Securities. No portion of the amounts received on the Series A Preferred Securities will be eligible for the dividends received deduction.

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American General Capital does not presently intend to make an election under section 754 of the Code. Accordingly, a subsequent purchaser of Series A Preferred Securities will not be permitted to adjust the tax basis in his allocable share of American General Capital's assets so as to reflect any difference between his purchase price for the Series A Preferred Securities and his share of American General Capital's underlying tax basis in its assets. As a result, a Holder of Series A Preferred Securities may be required to report a larger or smaller amount of income from holding the Series A Preferred Securities than would otherwise be appropriate based upon the Holder's purchase price for the Series A Preferred Securities.

ORIGINAL ISSUE DISCOUNT

Under Treasury Regulations, the stated interest payments on the Series A Junior Subordinated Debentures will be treated as "original issue discount" because of the option that American General has, under the terms of the Series A Junior Subordinated Debentures, to extend interest payment periods for up to 60 consecutive months. Under the Code, a Holder of debt with original issue discount must include that discount in income on an economic accrual basis and before the receipt of cash attributable to the income regardless of his method of tax accounting. The amount of original issue discount that accrues in any month will approximately equal the amount of the interest that accrues in that month at the stated interest rate. In the event that the interest payment period is extended, however, American General Capital will accrue additional original issue discount approximately equal to the amount of the additional interest payment due at the end of the extended interest payment period on an economic accrual basis over the length of the extended interest period.

Accrued income in respect of deferred interest will be allocated, but the

corresponding cash will not be distributed, to Holders of record on the Business Day preceding the last day of each calendar month. As a result, Holders of record during an extended interest payment period will include interest in gross income in advance of the receipt of cash, and any such Holder who disposes of Series A Preferred Securities prior to the record date for the payment of dividends following such extended interest payment period will have included such Holder's allocable share of such interest in gross income but will not receive any cash related thereto from American General Capital. The tax basis of a Series A Preferred Security will be increased by the amount of any interest that is included in income without a corresponding receipt of cash and will be decreased when and if such cash is subsequently received from American General Capital.

DISPOSITION OF SERIES A PREFERRED SECURITIES

Generally, capital gain or loss will be recognized on a sale (including a complete redemption for cash) of Series A Preferred Securities equal to the difference between the amount realized and the Holder's tax basis in the Series A Preferred Securities sold. Gain or loss recognized by a Holder on the sale or exchange of a Series A Preferred Security held for more than one year generally will be taxable as long-term capital gain or loss. The adjusted tax basis of the Series A Preferred Securities sold generally will equal the amount paid for the Series A Preferred Securities, increased by accrued but unpaid original issue discount and other income, if any, as described herein allocated to such Holder, and reduced by any cash or other property distributed to such Holder by American General Capital. A Holder who acquires Series A Preferred Securities at different prices may be required to maintain a single aggregate adjusted tax basis in all of his Series A Preferred Securities and, upon sale or other disposition of some of such Series A Preferred Securities, to allocate a pro rata portion of such aggregate tax basis to the Series A Preferred Securities sold (rather than maintaining a separate tax basis in each Series A Preferred Security for purposes of computing gain or loss on a sale of that Series A Preferred Security).

EXCHANGE OF SERIES A PREFERRED SECURITIES FOR SERIES A JUNIOR SUBORDINATED DEBENTURES

The exchange of Series A Preferred Securities for Series A Junior Subordinated Debentures after the occurrence of a Special Event generally would be a nontaxable event to American General

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Capital and the Holders. Each Holder's aggregate tax basis for the Series A Junior Subordinated Debentures received in the exchange would be the same as the Holder's aggregate tax basis for his Series A Preferred Securities surrendered in the exchange, and the holding period for the Series A Junior Subordinated Debentures would include his holding period for his Series A Preferred Securities. However, if the relevant Special Event is a Tax Event which results in American General Capital's being treated as an association taxable as a corporation, the exchange would be a taxable event to the Holders in respect of which each Holder would recognize gain or loss equal to the difference between the Holder's aggregate tax basis for his Series A Preferred Securities surrendered in the exchange and the aggregate fair market value of the Series A Junior Subordinated Debentures received in the exchange.

AMERICAN GENERAL CAPITAL INFORMATION RETURNS AND AUDIT PROCEDURES

The Manager of American General Capital will furnish each Holder with a Schedule K-1 setting forth such Holder's allocable share of income for each year, as soon as practicable following the end of the year but in any event prior to March 15th of each succeeding year.

Any person who holds Series A Preferred Securities as nominee for another person is required to furnish to American General Capital a written statement containing: (a) the name, address and taxpayer identification number of the beneficial owner and of the nominee; (b) information as to whether the beneficial owner is (i) a person that is not a United States person, (ii) a foreign government, an international organization or any wholly-owned agency or instrumentality of either, or (iii) a tax-exempt entity; and (c) a description of the Series A Preferred Securities held, acquired or transferred for the beneficial owner, including the dates of acquisitions and transfers, the methods and costs of acquisitions, and the net proceeds from transfers. Brokers and financial institutions are also required to furnish written statements containing similar information with respect to Series A Preferred Securities they hold for their own accounts. A penalty of \$50 per failure (up to a maximum of \$100,000 per calendar year) is imposed by the Code for failure to report such information to American General Capital. The nominee is required to supply the beneficial owners of the Series A Preferred Securities with the information furnished to American General Capital.

The Manager, as the tax matters partner, will be responsible for representing American General Capital (and, indirectly, the Holders) in any

dispute with the IRS involving the partnership information returns filed by American General Capital. The Code provides for administrative examination of such returns as if American General Capital (which is treated as a partnership) were a separate and distinct taxpayer. Generally, the statute of limitations for partnership items reflected or required to be reflected on a partnership information return does not expire until three years after the later of the filing or the last date for filing of such return. Any adverse determination following an audit of a return of American General Capital by the appropriate taxing authorities could result in an adjustment of the returns of the Holders, and, under certain circumstances, a Holder may be precluded from separately litigating a proposed adjustment to the items of American General Capital. An adjustment could also result in an audit of a Holder's return and adjustments of items not related to the income and losses of American General Capital.

UNITED STATES ALIEN HOLDERS

For purposes of this discussion, a "United States Alien Holder" is any holder that is, as to the United States for federal income tax purposes, a non-resident alien individual, a foreign corporation, a foreign partnership or a foreign estate or trust not subject to United States federal income tax on a net income basis with respect to a Series A Preferred Security or a Series A Junior Subordinated Debenture.

Under present United States federal income tax law:

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(i) payments by American General Capital or any of its paying agents to any United States Alien Holder of a Series A Preferred Security and payments of principal or interest by American General on the Series A Junior Subordinated Debentures to any United States Alien Holder of a Series A Junior Subordinated Debenture will not be subject to United States federal withholding tax; provided that (a) the beneficial owner of the Series A Preferred Security or Series A Junior Subordinated Debenture, as the case may be, does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of American General entitled to vote, (b) the beneficial owner of the Series A Preferred Security or Series A Junior Subordinated Debenture, as the case may be, is not a controlled foreign corporation that is related to American General through stock ownership, and (c) either (A) the beneficial owner of the Series A Preferred Security or Series A Junior Subordinated Debenture certifies to American General Capital or its agent, under penalties of perjury, that it is a United States Alien Holder and provides its name and address or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "Financial Institution") and holds the Series A Preferred Security or Series A Junior Subordinated Debenture certifies to American General Capital or its agent under penalties of perjury that such statement has been received from the beneficial owner by it or by a Financial Institution between it and the beneficial owner and furnishes American General Capital or its agent with a copy thereof; and

(ii) a United States Alien Holder of a Series A Preferred Security or Series A Junior Subordinated Debenture will not be subject to United States federal income tax on any gain realized upon the sale or other disposition of a Series A Preferred Security or Series A Junior Subordinated Debenture, provided such United States Alien Holder is not present in the United States for 183 days or more during the taxable year.

BACKUP WITHHOLDING AND INFORMATION REPORTING

In general, information reporting requirements will apply to payments of dividends on, and payments of the proceeds of the sale of, Series A Preferred Securities within the United States to noncorporate Holders, and "backup withholding" at a rate of 31% will apply to such payments if such a Holder fails to provide an accurate taxpayer identification number.

THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSIDERATIONS TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES A PREFERRED SECURITIES, INCLUDING THE TAX CONSIDERATIONS UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

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Subject to the terms and conditions of the Underwriting Agreement, American General Capital has agreed to sell to each of the Underwriters named below, and each of such Underwriters, for whom Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Alex. Brown & Sons Incorporated, CS First Boston Corporation, Dean Witter Reynolds Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Kemper Securities, Inc., Lehman Brothers Inc., Prudential Securities Incorporated, Salomon Brothers Inc and Smith Barney Inc. are acting as representatives, has severally agreed to purchase from American General Capital, the respective number of Series A Preferred Securities set forth opposite its name below:

<TABLE> <CAPTION>	NUMBER OF SERIES A PREFERRED SECURITIES
UNDERWRITER	<C>
<div><S></div> <div>Goldman, Sachs & Co.....</div> <div>Merrill Lynch, Pierce, Fenner & Smith Incorporated.....</div> <div>Alex. Brown & Sons Incorporated.....</div> <div>CS First Boston Corporation.....</div> <div>Dean Witter Reynolds Inc.</div> <div>Donaldson, Lufkin & Jenrette Securities Corporation.....</div> <div>Kemper Securities, Inc.</div> <div>Lehman Brothers Inc.</div> <div>Prudential Securities Incorporated.....</div> <div>Salomon Brothers Inc</div> <div>Smith Barney Inc.</div>	
Total.....	10,000,000 =====

</TABLE>

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all such Series A Preferred Securities offered hereby, if any are taken.

The Underwriters propose to offer the Series A Preferred Securities in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus Supplement, and in part to certain securities dealers at such price less a concession of \$ per Series A Preferred Security. The Underwriters may allow, and such dealers may realow, a concession not in excess of \$ per Series A Preferred Security to certain brokers and dealers. After the Series A Preferred Securities are released for sale to the public, the offering price and other selling terms may from time to time be varied by the representatives.

In view of the fact that the proceeds from the sale of the Series A Preferred Securities will be used by American General Capital to purchase the Series A Junior Subordinated Debentures of American General, the Underwriting Agreement provides that American General will pay, as compensation to the Underwriters, a commission of \$ per Series A Preferred Security.

American General Capital and American General have granted the Underwriters an option exercisable for 30 days after the date of this Prospectus Supplement to purchase up to an aggregate of 1,500,000 additional Series A Preferred Securities at the initial public offering price per Series A Preferred Security solely to cover over-allotments, if any. If the Underwriters exercise their

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over-allotment option, the Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of Series A Preferred Securities to be purchased by each of them, as shown in the foregoing table, bears to the total Series A Preferred Securities offered.

Certain of the Underwriters are customers of, or engage in transactions with, and from time to time have performed services for, American General and its subsidiaries and associated companies in the ordinary course of business.

Because the National Association of Securities Dealers, Inc. (the "NASD") may view the Series A Preferred Securities offered hereby as interests in a direct participation program, the Offering is being made in compliance with Section 34 of the NASD's Rules of Fair Practice. The Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority without the prior written approval of the transaction by the customer.

Prior to the Offering, there has been no public market for the Series A Preferred Securities. The Series A Preferred Securities have been approved for listing on the NYSE, subject to notice of issuance, under the symbol "AGC prM." In order to meet one of the requirements for listing the Series A Preferred Securities on the NYSE, the Underwriters have undertaken to sell lots of 100 or more Series A Preferred Securities to a minimum of 400 beneficial holders.

American General and American General Capital have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY AMERICAN GENERAL CAPITAL, L.L.C., AMERICAN GENERAL CORPORATION OR THE UNDERWRITERS. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF AMERICAN GENERAL CAPITAL, L.L.C. OR AMERICAN GENERAL CORPORATION SINCE SUCH DATE.

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- -----
- -----
- -----

10,000,000

PREFERRED SECURITIES

AMERICAN GENERAL

CAPITAL

% CUMULATIVE MONTHLY INCOME

PREFERRED SECURITIES, SERIES A

GUARANTEED TO THE EXTENT

SET FORTH HEREIN BY

AMERICAN GENERAL CORPORATION

(LOGO)

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

ALEX. BROWN & SONS

INCORPORATED

CS FIRST BOSTON

DEAN WITTER REYNOLDS INC.

DONALDSON, LUFKIN & JENRETTE

SECURITIES CORPORATION

KEMPER SECURITIES, INC.

LEHMAN BROTHERS

PRUDENTIAL SECURITIES INCORPORATED

SALOMON BROTHERS INC

SMITH BARNEY INC.

REPRESENTATIVES OF THE UNDERWRITERS

 *
 * INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A *
 * REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED *
 * WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT *
 * BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE *
 * REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT *
 * CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY *
 * NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH *
 * SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO *
 * REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH *
 * STATE. *
 *

SUBJECT TO COMPLETION, DATED MAY 10, 1995

PROSPECTUS

(AMERICAN GENERAL LOGO)

\$1,250,000,000

AMERICAN GENERAL CORPORATION
 DEBT SECURITIES AND WARRANTS TO PURCHASE DEBT SECURITIES
 PREFERRED STOCK AND PREFERRED STOCK WARRANTS
 COMMON STOCK AND COMMON STOCK WARRANTS

American General Corporation ("American General" or the "Company") may issue from time to time hereunder, together or separately, (i) one or more series of its unsecured debt securities ("Debt Securities") which may be either senior (the "Senior Securities") or senior subordinated (the "Subordinated Securities") in priority of payment, both of which may be convertible or exchangeable into common stock, par value \$.50 per share, of the Company ("Common Stock"), preferred stock, par value \$1.50 per share, of the Company ("Preferred Stock"), other Debt Securities, Debt Warrants, Common Stock Warrants or Preferred Stock Warrants (each as herein defined); (ii) warrants to purchase Debt Securities ("Debt Warrants"); (iii) shares of Preferred Stock, which may be convertible into shares of Common Stock or exchangeable for Debt Securities; (iv) warrants to purchase Preferred Stock ("Preferred Stock Warrants"); (v) shares of Common Stock and (vi) warrants to purchase Common Stock ("Common Stock Warrants"), in amounts, at prices and on terms to be determined at the time of the offering. The Debt Securities, Debt Warrants, Preferred Stock, Preferred Stock Warrants, Common Stock and Common Stock Warrants are collectively referred to herein as the "Securities."

The Senior Securities will rank equally with all other unsubordinated and unsecured indebtedness of the Company. The Subordinated Securities will be unsecured and subordinated as described under "Description of Debt Securities -- Subordination."

When a particular series of Securities is offered, a supplement to this Prospectus (a "Prospectus Supplement") setting forth certain terms of the offered Securities will be delivered together with this Prospectus. The applicable Prospectus Supplement, among other things and where applicable, will include: (i) with regard to Debt Securities, the specific designation, priority, aggregate principal amount, rate (which may be fixed or variable) and time of payment of any interest, authorized denominations, maturity, offering price, place or places of payment, redemption terms at the option of the Company, terms of any repayment at the option of the holder, terms for sinking fund payments, terms for conversion or exchange into other securities, provisions regarding original issue discount securities, any listing on a securities exchange and other terms of such Debt Securities; (ii) with regard to Preferred Stock, the specific designation, number of shares, title, stated value and liquidation preference of each share, issuance price, dividend rate or method of calculation, dividend periods, dividend payment dates, any redemption or sinking fund provisions, any conversion or exchange provisions, any voting rights, any listing on a securities exchange and other specific terms thereof; (iii) with respect to Common Stock, the number of shares, issuance price and other terms thereof; and (iv) with regard to Debt Warrants, Preferred Stock Warrants and Common Stock Warrants, where applicable, the duration, amount, offering price, exercise price, terms of the securities for which they are exercisable, any voting rights, any listing on a securities exchange, detachability and other

terms thereof. The applicable Prospectus Supplement may also contain applicable information about certain federal income tax, accounting and other considerations relating to the Securities covered by such Prospectus Supplement.

The aggregate initial public offering price of all Securities which may be sold under this Prospectus shall not exceed \$1,250,000,000, less the aggregate initial public offering price of any securities of certain American General funding entities which are sold under a separate prospectus which also constitutes a part of the Registration Statement of which this Prospectus constitutes a part. See "Available Information."

The Company may sell the Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Securities in respect of which this Prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to the Company from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable Prospectus Supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This Prospectus may not be used to consummate sales of the Securities unless accompanied by a Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is May , 1995.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF INSURANCE OF THE STATE OF NORTH CAROLINA NOR HAS THE COMMISSIONER OF INSURANCE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by the Company may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices at 500 West Madison Street, Chicago, Illinois 60661 and Seven World Trade Center, Suite 1300, New York, New York 10048. Copies of such materials may be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, such material may also be inspected and copied at the offices of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 and The Pacific Stock Exchange, Incorporated, 301 Pine Street, San Francisco, California 94104.

The Company, American General Delaware, L.L.C. and American General Capital, L.L.C. have filed with the Commission a registration statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus, which constitutes part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement.

In addition to this Prospectus, the Registration Statement contains another prospectus which relates to the offer and sale from time to time of "Preferred Securities" (as defined therein) of American General Delaware, L.L.C. and American General Capital, L.L.C. Certain payment obligations of such companies under any such Preferred Securities would be guaranteed by the Company to the extent set forth in such prospectus and any applicable prospectus supplement thereto. The \$1,250,000,000 aggregate maximum initial public offering price of Securities which may be sold under this Prospectus will be reduced by the amount of the aggregate initial public offering price of any Preferred Securities sold under such other prospectus.

Statements contained herein concerning the provisions of any document filed as an exhibit to the Registration Statement or otherwise filed with the

Commission are not necessarily complete, and in each instance reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, which have been filed by the Company with the Commission pursuant to the Exchange Act (File No. 1-7981), are incorporated herein by reference:

- the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994;
- the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995; and
- the Company's Current Reports on Form 8-K dated February 14, 1995, March 22, 1995, April 14, 1995 and May 9, 1995.

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Each document filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Securities made hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such document.

Any statement contained herein, in a Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of the Registration Statement and this Prospectus to the extent that a statement contained herein, in a Prospectus Supplement or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Registration Statement or this Prospectus.

The Company will provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the documents which are incorporated herein by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to the Company, 2929 Allen Parkway, Houston, Texas 77019-2155, Attention: Treasury Department, telephone (713) 831-1949.

THE COMPANY

American General is the parent company of one of the nation's largest consumer financial services organizations. The Company is headquartered in Houston, Texas and operates through its subsidiaries in all 50 states, the District of Columbia, Canada, Puerto Rico, and the U.S. Virgin Islands. The Company was incorporated as a general business corporation in Texas in 1980 and is the successor to American General Insurance Company, incorporated in Texas in 1926.

American General's operations are classified into three business segments: Retirement Annuities, which specializes in providing tax-deferred retirement plans and annuities to employees of educational, health care and other not-for-profit organizations; Consumer Finance, which offers consumer and home equity loans, credit cards, and credit-related insurance to individuals through more than 1,300 branch offices; and Life Insurance, which provides traditional and interest-sensitive life insurance and both fixed and variable annuity products through 14,000 sales representatives and general agents.

Since American General is a holding company, rights to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise (and thus the ability of holders of Securities to benefit indirectly from such distribution) are subject to the prior claims of creditors of that subsidiary, except to the extent that American General may itself be a creditor of that subsidiary. Claims on American General's subsidiaries by other creditors include substantial claims for policy benefits and debt obligations, as well as other liabilities incurred in the ordinary course of business. In addition, since many of American General's subsidiaries are insurance companies subject to regulatory control by various state insurance departments, the ability of such subsidiaries to pay dividends to American General without prior regulatory approval is limited by applicable laws and regulations. Further,

certain non-insurance subsidiaries are similarly restricted in their ability to make dividend payments by long-term debt agreements. At December 31, 1994, the amount available to the Company for dividends from subsidiaries not limited by such restrictions was \$1.1 billion.

The principal executive offices of American General are located at 2929 Allen Parkway, Houston, Texas 77019-2155, and its telephone number is (713) 522-1111.

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USE OF PROCEEDS

Except as may otherwise be set forth in a Prospectus Supplement, the net proceeds from the sale or sales of the Securities offered hereby will be added to American General's general corporate funds and may be used for repayment of long- or short-term indebtedness or for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES AND

RATIO OF EARNINGS TO COMBINED FIXED CHARGES

AND PREFERRED STOCK DIVIDENDS

The ratio of earnings to fixed charges is calculated by dividing total fixed charges into earnings available for the payment of fixed charges. Earnings available for the payment of fixed charges is the sum of fixed charges deducted from income and income before tax expense, accounting changes, and preferred stock dividends. Total fixed charges consist of interest expense, capitalized interest, a portion of rental expense, and preferred stock dividends of majority-owned subsidiaries.

The following table sets forth the ratio of earnings to fixed charges for the periods indicated.

<TABLE>

<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,				
	1995	1994	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges:							
Consolidated operations.....	2.5	3.0	2.4	2.1	2.4	2.1	2.2
Consolidated operations, corporate (parent company) fixed charges only.....	7.6	9.3	7.6	6.0	7.2	5.8	5.3

</TABLE>

Because no preferred stock dividends were paid in the periods reported above (other than preferred stock dividends paid by a wholly-owned subsidiary in 1990), the ratio of earnings to combined fixed charges and preferred stock dividends for such periods is the same as the ratio of earnings to fixed charges.

DESCRIPTION OF DEBT SECURITIES

The Senior Securities are to be issued under a Senior Indenture dated as of , 1995 (the "Senior Indenture") between the Company and Chemical Bank, as trustee, and the Subordinated Securities are to be issued under a Senior Subordinated Indenture dated as of , 1995 (the "Subordinated Indenture") between the Company and Chemical Bank, as trustee. Chemical Bank, in its capacity as trustee under the Senior Indenture and the Subordinated Indenture, is referred to herein as the "Trustee."

The forms of the Senior Indenture and the Subordinated Indenture (being sometimes referred to herein collectively as the "Indentures" and each individually as an "Indenture") are filed as exhibits to the Registration Statement of which this Prospectus is a part. The statements and descriptions in this Prospectus or in any Prospectus Supplement regarding provisions of the Debt

Securities and the Indentures are summaries thereof, do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indentures and the Debt Securities, including the definitions therein of certain terms. Certain capitalized terms used herein are defined in the Indentures. Wherever particular sections of the Indentures or terms that are defined in the Indentures are referred to herein or in a Prospectus Supplement, it is intended that such sections or defined terms shall be incorporated by reference herein or therein, as the case may be.

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The Indentures allow for the issuance of Debt Securities denominated in foreign currencies and/or in bearer form. The Company does not intend to issue any such Debt Securities pursuant to this Prospectus. Accordingly, certain provisions of the Indentures relating to such Debt Securities are not described herein.

GENERAL

The Debt Securities will be direct, unsecured obligations of the Company. The indebtedness represented by the Subordinated Securities will be subordinated in right of payment to the prior payment in full of the Superior Indebtedness of the Company as described under "-- Subordination."

The Debt Securities may be issued in one or more series. The particular terms of each series of Debt Securities, as well as any modifications or additions to the general terms of the Debt Securities as described herein which may be applicable in the case of a particular series of Debt Securities, are described in the Prospectus Supplement relating to such series of Debt Securities. Accordingly, for a description of the terms of a particular series of Debt Securities, reference must be made to both the Prospectus Supplement relating thereto and to the description of Debt Securities set forth in this Prospectus.

Reference is made to the Prospectus Supplement for the terms of the particular series of Debt Securities being offered thereby, including but not limited to the following: (1) the title of such Debt Securities and the series in which such Debt Securities shall be included; (2) any limit on the aggregate principal amount of such Debt Securities; (3) the percentage of their principal amount at which such Debt Securities will be issued and, in the case of Original Issue Discount Securities, the principal amount thereof payable upon acceleration of the maturity thereof; (4) the date or dates on which the principal of such Debt Securities is payable or the manner in which such dates are determined and the terms, if any, upon which the Company may reborrow the proceeds from such payment or exchange other securities for such Debt Securities when a principal payment is due; (5) the rate or rates per annum (which may be fixed or variable) at which such Debt Securities will bear interest, if any, or the method of determining such rate or rates; (6) the date from which such interest, if any, on such Debt Securities will accrue, the dates on which such interest, if any, will be payable, the date on which payment of such interest, if any, will commence and the record dates for such interest payment dates, if any; (7) the right, if any, of the Company to extend an interest payment period; (8) the place of payment (if other than New York City) and the place where such Debt Securities may be surrendered for registration of transfer or exchange or for conversion; (9) the terms of any mandatory or optional redemption (including any sinking fund provisions or any provisions for repayment at the option of a Holder or upon the occurrence of a specified event); (10) whether such Debt Securities shall be convertible or exchangeable for other securities and, if so, the terms of any such conversion or exchange and the terms of such other securities; (11) whether such Debt Securities are to be issued initially or permanently in the form of a global Debt Security and, if so, the identity of the Depository (hereinafter defined) for such global Debt Security; (12) any deletions from, modification of or additions to the Events of Default or covenants of the Company with respect to such Debt Securities and any change in the rights of the Trustee or the Holders to accelerate the maturity of such Debt Securities; and (13) any other terms of such Debt Securities. Debt Securities may also be issued under the Indentures upon the exercise of Debt Warrants. See "Description of Warrants -- Debt Warrants."

The Indentures do not limit the aggregate principal amount of Debt Securities that may be issued thereunder or of any particular series of such Debt Securities and provide that the Debt Securities may be issued thereunder from time to time in one or more series up to the aggregate principal amount which may be authorized from time to time by the Company. (Section 301 of each Indenture) All Debt Securities issued under an Indenture will rank equally and ratably with any additional Debt Securities issued thereunder.

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Unless the Prospectus Supplement relating to a particular issuance of Debt Securities specifies otherwise, Debt Securities will be issued in denominations of \$1,000 and integral multiples thereof. No service charge will be made for any transfer or exchange of Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Sections 302 and 305 of each Indenture)

Some of the Debt Securities may be issued under the Indentures as Original Issue Discount Securities (bearing no interest or interest at a rate which at the time of issuance is below market rates) to be sold at a discount below their stated principal amount. Federal income tax consequences and other special considerations applicable to any such Original Issue Discount Securities will be described in the Prospectus Supplement relating thereto.

Unless otherwise indicated in the Prospectus Supplement relating to a particular series of Debt Securities, the principal of and any premium or interest on Debt Securities issued in certificated form will be payable, and, subject to certain limitations, the transfer of Debt Securities will be registrable, at the office of the Trustee designated for that purpose in New York City, provided that, at the option of the Company, interest may be paid by check, wire transfer or any other means permitted in the form of such Debt Securities. Unless otherwise indicated in an applicable Prospectus Supplement, payment of any installment of interest on a Debt Security will be made to the person in whose name such Debt Security is registered at the close of business on the record date for such interest. In the case of global Debt Securities (which will be registered in the name of the Depository or its nominee), payment will be made to the Depository or its nominee in accordance with the then-existing arrangements between the paying agent(s) for such global Debt Securities and the Depository. See "-- Global Debt Securities." (Sections 305, 307 and 1002 of each Indenture)

The Indentures do not contain any provision that limits the ability of the Company to incur indebtedness (either directly or through merger or consolidation) or that would afford Holders of Debt Securities protection in the event of a highly leveraged or similar transaction involving the Company, except as described herein under "--- Limitations on Liens" and "--- Merger and Consolidation." Reference is made to the Prospectus Supplement relating to the series of Debt Securities offered thereby for information with respect to any deletions from, modifications of, or additions to, the Events of Default or covenants that may be included in the terms of such series of Debt Securities, including any addition of a covenant or other provision providing event risk or similar protection.

Under the Indentures, the Company will have the ability, in addition to the ability to issue Debt Securities with terms different from those of Debt Securities previously issued, to "reopen" a previous issue of a series of Debt Securities and issue additional Debt Securities of such series.

LIMITATIONS ON LIENS

The Senior Indenture provides that, unless otherwise specified in a Prospectus Supplement relating to a particular Series of Debt Securities, the Company will not, and will not permit any Designated Subsidiary (as defined below) to, directly or indirectly, create, issue, assume, incur or guarantee any indebtedness for money borrowed which is secured by a mortgage, pledge, lien, security interest or other encumbrance of any nature on any of the present or future common stock of a Designated Subsidiary, unless the Senior Securities and, if the Company so elects, any other indebtedness of the Company ranking at least pari passu with the Senior Securities, shall be secured equally and ratably with (or prior to) such other secured indebtedness for money borrowed so long as it is outstanding and is so secured. (Section 1007 of the Senior Indenture) The Subordinated Indenture does not contain a comparable provision.

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The term "Designated Subsidiary" means any present or future consolidated Subsidiary of the Company the consolidated assets of which constitute 15 percent or more of the consolidated assets of the Company. As of December 31, 1994, the Company's Designated Subsidiaries were AGC Life Insurance Company, American General Finance, Inc., American General Finance Corporation, American General Life and Accident Insurance Company, American General Life Insurance Company and The Variable Annuity Life Insurance Company.

EVENTS OF DEFAULT, NOTICE AND WAIVER

If an Event of Default with respect to any Debt Securities of any series Outstanding under either of the Indentures shall occur and be continuing, the Trustee under such Indenture or the Holders of at least 25% in principal amount of the Debt Securities of that series Outstanding may declare, by notice as

provided in the applicable Indenture, the principal amount (or such lesser amount as may be provided for in the Debt Securities of that series) of all the Debt Securities of that series Outstanding to be due and payable immediately; provided, that in the case of an Event of Default involving certain events in bankruptcy, insolvency or reorganization, acceleration is automatic; and, provided further, that if all Events of Default with respect to Debt Securities of that series shall have been cured, or waived as hereinafter provided, and all amounts due otherwise than on account of such acceleration shall have been paid or deposited with the Trustee, the Holders of a majority in aggregate principal amount of the Debt Securities of that series then Outstanding may rescind and annul such acceleration and its consequences. (Section 502 of each Indenture) Upon acceleration of the Maturity of Original Issue Discount Securities, an amount less than the principal amount thereof will become due and payable. Reference is made to the Prospectus Supplement relating to any Original Issue Discount Securities for the particular provisions relating to acceleration of the Maturity thereof. Any past default under either Indenture with respect to Debt Securities of any series, and any Event of Default arising therefrom, may be waived by the Holders of a majority in principal amount of all Debt Securities of such series Outstanding under such Indenture, except in the case of (i) default in the payment of the principal of or any premium or interest on any Debt Securities of such series or (ii) default in respect of a covenant or provision which may not be amended or modified without the consent of the Holder of each Outstanding Debt Security of such series affected. (Section 513 of each Indenture)

Unless the Prospectus Supplement relating to a particular issuance of Debt Securities specifies otherwise, each of the following constitutes an Event of Default with respect to each series of Debt Securities under each Indenture: (a) default in the payment of any interest upon any Debt Security of such series when such interest becomes due and payable, and continuance of such default for a period of 30 days; (b) default in the payment of the principal of and any premium on any Debt Security of such series when it becomes due and payable, whether at the Stated Maturity, upon redemption or repayment, by declaration or otherwise; (c) default in the making of any sinking fund payment on any Debt Security of such series; (d) default in the performance or breach of any covenant or warranty of the Company contained in the applicable Indenture for the benefit of such series or in the Debt Securities of such series, and the continuance of such default or breach for 90 days after written notice has been given as provided in such Indenture; (e) acceleration of the maturity of any indebtedness for money borrowed of the Company in a principal amount in excess of \$25,000,000 if such acceleration is not annulled or such indebtedness is not discharged within 15 days after written notice as provided in such Indenture; (f) certain events in bankruptcy, insolvency or reorganization; and (g) any other Event of Default provided with respect to the Debt Securities of such series. (Section 501 of each Indenture)

The Trustee is required, within 90 days after the occurrence of a default with respect to the Debt Securities of any series which is known to the Trustee and is continuing (without regard to any grace period or notice requirements), to give to the Holders of the Debt Securities of such series notice of such default; provided, however, that, except in the case of a default in the payment of the principal of or any premium or interest on any Debt Securities of such series or in the payment of

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any sinking fund installment with respect to the Debt Securities of such series, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the Holders of the Debt Securities of such series; and provided further that, in the case of any default referred to in clause (d) of the preceding paragraph with respect to the Debt Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. (Section 602 of each Indenture)

The Trustee, subject to its duties during default to act with the required standard of care, may require indemnification by the Holders of the Debt Securities of any series with respect to which a default has occurred before proceeding to exercise any right or power under the Indentures at the request of the Holders of the Debt Securities of such series. (Sections 601 and 603 of each Indenture) Subject to such right of indemnification and to certain other limitations, the Holders of a majority in principal amount of the Outstanding Debt Securities of any series under either Indenture may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of such series. (Section 512 of each Indenture)

No Holder of a Debt Security of any series may institute any action against the Company under either of the Indentures (except actions for payment of overdue principal of, premium, if any, or interest on such Debt Securities) unless the Holders of at least 25% in principal amount of the Debt Securities of that series then Outstanding under such Indenture shall have requested the Trustee to institute such action and offered to the Trustee reasonable indemnity

against the costs, expenses and liabilities to be incurred in compliance with such request and the Trustee shall not have instituted such action within 60 days of such request. (Sections 507 and 508 of each Indenture)

The Company is required to furnish annually to the Trustee statements as to the Company's compliance with all conditions and covenants under each Indenture. (Section 1005 of each Indenture)

MERGER AND CONSOLIDATION

The Company may consolidate or merge with or into any other corporation, and the Company may sell or convey all or substantially all of its assets to another corporation, provided that (a) (i) in the case of a merger, the Company is the surviving company in the merger, or (ii) the corporation surviving the merger, formed by such consolidation or which acquires such assets shall be a corporation organized and existing under the laws of The United States of America or a state thereof and shall expressly assume payment of the principal of and any premium and interest on the Debt Securities and the performance and observance of all of the covenants and conditions of the Indentures to be performed or observed by the Company and (b) the Company or such successor corporation, as the case may be, shall not immediately thereafter be in default in the performance of any such covenant or condition. The Senior Indenture also provides an additional condition that the Company or such successor corporation shall not immediately after such consolidation, merger or sale have outstanding (or otherwise be liable for) any indebtedness for money borrowed secured by a mortgage, pledge, lien, security interest or other encumbrance prohibited by the provisions of the Senior Indenture relating to limitations on liens or shall have secured the Outstanding Senior Securities equally and ratably with (or prior to) such other secured indebtedness for money borrowed so long as it is outstanding and is so secured. (Section 801 of each Indenture)

MODIFICATION AND WAIVER

Modification and amendment of each of the Indentures may be made by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected thereby, provided that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, (a) change the Stated Maturity of the principal of, or any installment of principal of or

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interest on, any Debt Security; (b) reduce the principal amount of or the amount of interest on or any premium payable with respect to any Debt Security; (c) reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon acceleration of the Maturity thereof or that would be provable in bankruptcy; (d) adversely affect any right of repayment at the option of the Holder of any Debt Security; (e) change the place or currency of payment of the principal of or any premium or interest on any Debt Security; (f) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity, or any date of redemption or repayment, thereof; (g) adversely affect any right to convert or exchange any Debt Security or, in the case of the Subordinated Indentures, modify the subordination provisions in a manner adverse to the Holders of the Subordinated Securities; (h) reduce the above-stated percentage in aggregate principal amount of Outstanding Debt Securities of any series necessary to modify or amend the Indentures with respect to any such series or reduce the percentage of Outstanding Debt Securities of any series necessary to waive any past default or compliance with certain restrictive provisions to less than a majority in aggregate principal amount of such series, or reduce certain requirements of the Indentures for quorum or voting; or (i) modify the provisions of the Indentures described in this paragraph or those regarding waiver of compliance with certain provisions of, or certain defaults and their consequences under, the Indentures, except to increase the percentage of Outstanding Debt Securities necessary to modify and amend each Indenture or to give any such waiver, and except to provide that certain other provisions of each Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Debt Security affected thereby. The Holders of at least a majority in aggregate principal amount of the Outstanding Debt Securities of any series may waive compliance by the Company with certain restrictive provisions applicable to such series. (Sections 902 and 1008 of the Senior Indenture and Sections 902 and 1007 of the Subordinated Indenture)

Modification and amendment of each of the Indentures may be made by the Company and the Trustee without the consent of any Holder of Outstanding Debt

Securities, for any of the following purposes: (a) to evidence the succession of another corporation to the Company and the assumption of the covenants of the Company; (b) to add to the covenants of the Company for the benefit of the Holders of all or any series of Debt Securities or to surrender any right or power conferred upon the Company; (c) to add any additional Events of Default with respect to all or any series of Debt Securities; (d) to change or eliminate any restrictions on the payment of the principal of or any premium or interest on Debt Securities, to modify the provisions relating to global Debt Securities, or to permit the issuance of Debt Securities in uncertificated form, provided any such action does not adversely affect the interests of the Holders of the Debt Securities of any series in any material respect; (e) to add to, change or eliminate any provision of the Indentures, provided that such amendment shall become effective only if there is no Outstanding Debt Security of any series then entitled to the benefit of such provision or such amendment does not apply to any then Outstanding Debt Security; (f) to secure the Debt Securities pursuant to the requirements of certain sections of the Indentures or otherwise; (g) to establish the form or terms of the Debt Securities of any series; (h) to provide for the acceptance of appointment by a successor Trustee with respect to the Debt Securities of one or more series and to add to or change any of the provisions as shall be necessary to provide for or facilitate the administration of the trusts under the Indentures by more than one Trustee; (i) to provide for the discharge of the Indenture with respect to the Debt Securities of any series by the deposit of monies or Government Obligations in trust, (j) to change the conditions, limitations and restrictions on the authorized amount, terms or provisions of issuance, authentication and delivery of the Debt Securities as set forth in the Indentures, the Debt Securities and the Prospectus Supplement relating thereto; (k) to provide for conversion or exchange rights of any series of Debt Securities pursuant to the requirements of the instrument authorizing such series, or (l) in the case of the Subordinated Indenture, to limit or terminate the benefits to the holders of Superior Indebtedness of the subordination provisions contained in the Subordinated Indenture, or (m) to cure any ambiguity, defect or inconsistency in the Indentures or to make any other provisions with respect to matters or questions arising under the Indentures,

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provided such action does not adversely affect the interests of the Holders of the Debt Securities of any series in any material respect. (Section 901 of each Indenture)

DEFEASANCE AND DISCHARGE

Unless the Prospectus Supplement relating to a particular issuance of Debt Securities specifies otherwise, the Company and the Trustee, without the consent of any Holder of Outstanding Debt Securities, may execute a supplemental indenture to provide that the Company will be discharged from any and all obligations in respect of the Debt Securities of any series (except for certain obligations to register the transfer or exchange of Debt Securities, to convert convertible Debt Securities, to replace stolen, lost or mutilated Debt Securities, to maintain paying agencies and hold moneys for payment in trust) upon the irrevocable deposit with the Trustee under the applicable Indenture, in trust, of money or Government Obligations, or a combination thereof, which through the payment of interest and principal thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, any premium and interest on, and any mandatory sinking fund payments in respect of, the Debt Securities of such series on the Stated Maturity or Redemption Date of such payments in accordance with the terms of the applicable Indenture and such Debt Securities. Such a supplemental indenture may only be executed if certain conditions have been satisfied, including that the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling, or if there has been a change in the applicable federal income tax law, in either case, to the effect that such a discharge will not cause the Holders of the Debt Securities of such series to recognize income, gain or loss for federal income tax purposes; and the provisions of such a supplemental indenture shall not be applicable to any series of Debt Securities then listed on the New York Stock Exchange if the provisions would cause the Outstanding Debt Securities of such series to be delisted. (Section 901 of each Indenture)

Each of the Indentures provides that, when the conditions set forth in Section 401 thereof have been satisfied with respect to a series of Debt Securities, upon the request of the Company, such Indenture will cease to be of further effect with respect to such series (except as to any surviving right of registration of transfer or exchange of Debt Securities expressly provided for therein). Such conditions include that (i) all Debt Securities of such series issued under such Indenture either shall have been delivered to the Trustee for cancellation or shall be due, or are to be called for redemption, within one year and (ii) with respect to all Debt Securities of such series issued under such Indenture but not previously delivered to the Trustee for cancellation, there shall have been delivered to the Trustee, in trust, money or Government

Obligations, or a combination thereof, which through the payment of interest and principal thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, and any premium and interest on, all such Debt Securities on the Stated Maturity or maturity of such payments in accordance with such Indenture. (Section 401 of each Indenture)

DEFEASANCE OF CERTAIN COVENANTS

Unless otherwise provided in the Prospectus Supplement relating to a series of Debt Securities, the terms of the Debt Securities of each series will provide the Company with the option to omit to comply with the covenants described under "-- Limitations on Liens" above, if applicable, and any additional covenants not included in the original applicable Indenture that may be specified as applicable to such series in the Prospectus Supplement with respect thereto. The Company, in order to exercise such option, will be required to irrevocably deposit with the Trustee under the applicable Indenture, in trust, money or Government Obligations, or a combination thereof, which through the payment of interest and principal thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, any premium and interest on, and any mandatory sinking fund payments in respect of, the Debt Securities of such series on the Stated Maturity or maturity of such payments in accordance with the terms of the applicable Indenture and such Debt Securities. The Company will also be required to deliver to the Trustee under the

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applicable Indenture an Opinion of Counsel to the effect that the deposit and related covenant defeasance will not cause the Holders of the Debt Securities of such series to recognize income, gain or loss for federal income tax purposes. Such covenant defeasance would not be available in certain circumstances, including, with respect to any series of Debt Securities then listed on the New York Stock Exchange, if such defeasance would cause the Outstanding Debt Securities of such series to be delisted. (Section 1009 of the Senior Indenture and Section 1008 of the Subordinated Indenture) The Prospectus Supplement relating to a particular issuance of Debt Securities may describe further provisions, if any, permitting such an omission to comply.

GLOBAL DEBT SECURITIES

The Debt Securities of a series may be issued in whole or in part in the form of one or more global Debt Securities that will be deposited with, or on behalf of, a depository (the "Depository") identified in the Prospectus Supplement relating to such series. Unless and until it is exchanged in whole or in part for the individual Debt Securities represented thereby, a global Debt Security may not be transferred except as a whole among the Depository, any successor Depository and their respective nominees.

The specific terms of the depository arrangement with respect to a series of Debt Securities will be described in the Prospectus Supplement relating to such series. Unless otherwise indicated in the applicable Prospectus Supplement, the following provisions will apply to all depository arrangements.

Upon the issuance of a global Debt Security, the Depository for such global Debt Security or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the individual Debt Securities represented by such global Debt Security to the accounts of persons that have accounts with such Depository ("Participants"). Such accounts will be designated by the underwriters or agents with respect to such Debt Securities or by the Company if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in a global Debt Security will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests in such global Debt Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the applicable Depository or its nominee (with respect to interests of Participants) and the records of Participants (with respect to interests of persons other than Participants). The laws of some states may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limitation and such laws may impair the ability to transfer beneficial interests in a global Debt Security.

So long as the Depository for a global Debt Security, or its nominee, is the registered owner of such global Debt Security, such Depository or such nominee, as the case may be, will be considered the sole owner or Holder of the Debt Securities represented by such global Debt Security for all purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a global Debt Security will not be entitled to have any of the individual Debt Securities of the series represented by such global Debt Security registered in their names, will not receive or be entitled to receive

physical delivery of such Debt Securities in definitive form, and will not be considered the owners or Holders thereof under the applicable Indenture.

Payments of principal of, premium, if any, and interest, if any, on individual Debt Securities represented by a global Debt Security registered in the name of a Depository or its nominee will be made to the Depository or its nominee, as the case may be, as the registered owner of the global Debt Security representing such Debt Securities. Neither the Company, the Trustee, any Paying Agent, nor the Security Registrar for such Debt Securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the global Debt Security for such Debt Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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The Company expects that the Depository for a series of Debt Securities, or its nominee, upon receipt of any payment of principal, premium or interest in respect of a global Debt Security representing any of such Debt Securities, will immediately credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global Debt Security for such Debt Securities as shown on the records of such Depository or its nominee. The Company also expects that payments by Participants to owners of beneficial interests in such global Debt Security held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities registered in "street name." Such payments will be the responsibility of such Participants.

If the Depository for a series of Debt Securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the Company within 90 days or if the Company executes and delivers to the Trustee a Company Order to the effect that a global Debt Security shall be exchangeable for certificated Debt Securities or if an Event of Default has occurred and is continuing with respect to a series of Debt Securities, the Company will issue individual certificated Debt Securities of such series in definitive form in exchange for the global Debt Security or Debt Securities representing such series of Debt Securities. Accordingly, the Company may at any time and in its sole discretion, subject to any limitations described in the Prospectus Supplement relating to such Debt Securities, determine not to have any Debt Securities of a series represented by one or more global Debt Securities and, in such event, will issue individual certificated Debt Securities of such series in definitive form in exchange for the global Debt Security or Debt Securities representing such series of Debt Securities. In any such instance, the individual certificated Debt Securities of such series issued by the Company will be issued to Participants, as directed by the Depository or its nominee, or to the beneficial owners holding Debt Securities of such series through such Participants, as directed by such Participants, all in accordance with standing instructions and customary practices, as is now the case with securities registered in "street name." Certificated Debt Securities of such series so issued in definitive form will be issued in denominations, unless otherwise specified by the Company, of \$1,000 and integral multiples thereof.

SUBORDINATION OF SUBORDINATED SECURITIES

In the event of any distribution, division or application of all or any part of the assets of the Company, or the proceeds thereof, occurring by reason of the liquidation, dissolution or other winding up of the Company, or by reason of any execution, sale, receivership, insolvency or bankruptcy proceedings, or proceedings for reorganization, or readjustment of the Company or its properties, payment or distribution of any kind upon the Subordinated Securities of each series Outstanding (other than from the defeasance funds referred to below) will be subordinated to the prior payment in full of all Superior Indebtedness (including the payment of any interest accruing thereon after the commencement of any such proceedings). (Sections 1501 and 1502 of the Subordinated Indenture) The Subordinated Indenture also provides that in the event of the acceleration of the principal amount of the Subordinated Securities of any series (or, in the case of Original Issue Discount Securities, such portion of the principal amount thereof as may be specified in the terms thereof) as a result of the occurrence of an Event of Default with respect to such series under the Subordinated Indenture, the holders of Superior Indebtedness will be entitled to declare such Superior Indebtedness due and payable and in such event to receive payment in full of all principal, premium and interest on all Superior Indebtedness before the Holders of the Subordinated Securities of such series are entitled to receive any payment. The Subordinated Indenture further provides that in the event of a default in the payment of the principal of or any premium or interest on any Superior Indebtedness, so long as such payment shall not have been made or provided for, or in the event of the acceleration of the maturity of any Superior Indebtedness which has not been rescinded and annulled, no payment of principal or any premium or interest will be made on the Subordinated Securities (other than, if applicable, payment from

of the Subordinated Securities of each series will be subrogated to the rights of the holders of the Superior Indebtedness to the extent of payments made to the holders of Superior Indebtedness upon any distribution of assets in any such proceedings out of the distributive share of the Subordinated Securities. (Section 1503 of the Subordinated Indenture) As a result of such subordination, upon the distribution of assets upon insolvency, certain general creditors of the Company may recover more, ratably, than Holders of the Subordinated Securities.

Superior Indebtedness is defined in the Subordinated Indenture as the principal of, and premium, if any, and interest on, and any other payment due pursuant to, any of the following, whether outstanding at the date of execution of the Subordinated Indenture or thereafter incurred, created or assumed:

(a) all obligations of the Company for money borrowed;

(b) all obligations of the Company evidenced by notes, debentures, bonds or other securities, including obligations incurred, created or assumed in connection with the acquisition of property, assets or businesses;

(c) all capitalized lease obligations of the Company;

(d) all reimbursement obligations of the Company with respect to letters of credit, bankers acceptance or similar facilities issued for the account of the Company;

(e) all obligations of the Company issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business);

(f) all payment obligations of the Company under any interest rate, currency or commodity swap agreement, option agreement, hedge agreement, forward contract, or similar agreement designed to protect the Company or another person against fluctuations in interest rates, exchange rates or commodity prices;

(g) all obligations of the type referred to in clauses (a) through (f) above of another person and all dividends of another person, the payment of which, in either case, the Company has assumed or guaranteed, or for which the Company is responsible or liable, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise; and

(h) all amendments, modifications, renewals, extensions, refinancings, replacements and refundings by the Company of any such indebtedness referred to in clauses (a) through (g) above (and of any such amended, modified, renewed, extended, refinanced, refunded or replaced indebtedness or obligations);

other than (i) any indebtedness, renewal, extension, refunding, refinancing, obligation, assumption or guarantee that expressly provides, or the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides, that such indebtedness, renewal, extension, refunding, refinancing, obligation, assumption or guarantee is junior in right of payment to or is pari passu with the Subordinated Securities; (ii) any guarantee of the payment obligations of American General Delaware, L.L.C. or American General Capital, L.L.C. with respect to their preferred securities, (iii) any junior subordinated debentures of the Company issued under the Indenture dated as of May 1995 between the Company and Chemical Bank, as trustee, and (iv) the 13 1/2% Restricted Subordinated Notes Due 2002 of the Company, which shall rank pari passu to the Subordinated Securities. (Section 101 of the Subordinated Indenture)

As of March 31, 1995, an aggregate of \$2.8 billion of Superior Indebtedness was outstanding. The Subordinated Indenture does not limit the amount of Superior Indebtedness that may be incurred by the Company in the future.

The Subordinated Indenture may be modified or amended as provided under "-- Modification and Waiver," provided that no such modification or amendment

may, without the consent of the Holder of each Outstanding Subordinated Security affected thereby, modify any of the provisions of

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the Subordinated Indenture relating to the subordination of the Subordinated Securities in a manner adverse to such Holder. (Section 907 of the Subordinated Indenture)

CONVERSION

Certain Debt Securities may be convertible into other Securities of the Company (the "Convertible Debt Securities"). The Holders of such Convertible Debt Securities of a specified series may be entitled (subject to prior redemption, repayment or repurchase, if applicable), if so provided in the applicable Prospectus Supplement, to convert any Convertible Debt Securities of such series (in denominations set forth in the applicable Prospectus Supplement) into another series of Debt Securities, Debt Warrants, Preferred Stock, Preferred Stock Warrants, Common Stock or Common Stock Warrants, as the case may be, at the conversion price set forth in the applicable Prospectus Supplement, subject to adjustment as described below or in the applicable Prospectus Supplement. The relevant provisions for each series of Convertible Debt Securities will be set forth in the applicable Prospectus Supplement. Except as described below or in the applicable Prospectus Supplement, no adjustment will be made upon conversion of any Convertible Debt Securities for interest accrued thereon or for dividends on any Conversion Securities issued. If any Convertible Debt Securities not called for redemption are converted between a record date for the payment of interest and the next succeeding interest payment date, such Convertible Debt Securities must be accompanied by funds equal to the interest payable on such succeeding interest payment date on the principal amount so converted. The Company is not required to issue fractional shares of Preferred Stock or Common Stock upon conversion of Convertible Debt Securities that are convertible into Preferred Stock or Common Stock, respectively, and, in lieu thereof, will pay a cash adjustment, in the case of Convertible Debt Securities convertible into Preferred Stock, based upon the liquidation preference of such series of Preferred Stock unless otherwise specified in the Prospectus Supplement, and in the case of Common Stock, based upon the market value of the Common Stock. In the case of Convertible Debt Securities convertible into securities other than Preferred Stock or Common Stock, such adjustment will be based on such method as is set forth in the applicable Prospectus Supplement.

If the conversion price for a series of Convertible Debt Securities that are convertible into Common Stock, Preferred Stock or another Security is subject to adjustment upon the occurrence of certain events, the formulas for such adjustment will be described in the applicable Prospectus Supplement.

TRUSTEE UNDER THE INDENTURES

The Company and certain of its affiliates maintain banking and borrowing relations with Chemical Bank and certain of its affiliates. Chemical Bank and one of its affiliates also serve as trustees under other indentures maintained by the Company.

The Indentures provide that an alternative Trustee may be appointed by the Company with respect to any particular series of Debt Securities. Any such appointment will be described in the Prospectus Supplement relating to such series of Debt Securities.

The Trustee, prior to default, undertakes to perform only such duties as are specifically set forth in the Indentures and, after default, is required to exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Subject to such provision, the Trustee is under no obligation to exercise any of the powers vested in it by an Indenture at the request of any Holder of Debt Securities, unless offered reasonable indemnity by such Holder against the costs, expenses and liabilities which might be incurred thereby. The Trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the Trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it. Each Indenture contains other provisions limiting the responsibilities and liabilities of the Trustee.

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DESCRIPTION OF THE PREFERRED STOCK

The following description of the terms of the Preferred Stock sets forth certain general terms and provisions of the Preferred Stock to which an applicable Prospectus Supplement may relate. Certain other terms of any series of Preferred Stock offered by an applicable Prospectus Supplement will be specified in such Prospectus Supplement. If so specified in the applicable Prospectus Supplement, the terms of any series of Preferred Stock may differ from the terms set forth below. The description of the terms of the Preferred Stock set forth below and in an applicable Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the Certificate of Designation relating to the applicable series of Preferred Stock, which will be filed as an exhibit to, or incorporated by reference in, the Registration Statement of which this Prospectus forms a part.

GENERAL

Pursuant to the Restated Articles of Incorporation of the Company, as amended (the "Articles"), the Bylaws of the Company, and applicable Texas law, the Board of Directors of the Company, or an authorized committee thereof, has the authority, without further shareholder action, to issue up to 60,000,000 shares of Preferred Stock, \$1.50 par value, in one or more series and in such amounts and for such consideration, as may be determined from time to time by resolution of the Board of Directors of the Company, or an authorized committee thereof, and to fix before the issuance of any shares of Preferred Stock of a particular series, the number of shares constituting that series and the distinctive designation of that series; the dividend rate (or method of determining the same); the voting rights; conversion privileges; redemption rights; repurchase obligations; sinking fund availability; rights upon liquidation, dissolution or winding up and the priority thereof; restrictions upon the Company with respect to the creation of debt or the issuance of additional Preferred Stock or other stock ranking prior to or on a parity therewith with respect to dividends or upon liquidation; restrictions on the Company with respect to the issuance of, payment of dividends upon, or the making of other distributions with respect to, or the acquisition or redemption of, shares ranking junior to the Preferred Stock; the priority of each series of Preferred Stock in relation to other series of Preferred Stock; and any other designations, powers, preferences and rights, including, without limitation, any qualifications, limitations or restrictions thereof. The holders of any series of Preferred Stock shall not have any preemptive rights to acquire any shares or securities of any class which may at any time be issued, sold or offered for sale by the Company.

As of March 1, 1995, the Company had no Preferred Stock outstanding. As of such date, the Company did have Preferred Share Purchase Rights outstanding. A description of these rights is provided under "Description of Common Stock -- Preferred Share Purchase Rights."

DIVIDENDS

The holders of the Preferred Stock of each series will be entitled to receive, when, as and if declared by the Board of Directors of the Company, out of funds legally available therefor, dividends at such rates and on such dates as will be specified in the applicable Prospectus Supplement. Such rates may be fixed or variable or both. If variable, the formula used for determining the dividend rate for each dividend period will be specified in the applicable Prospectus Supplement. Dividends will be payable to the holders of record as they appear on the stock books of the Company on such record dates as will be fixed by the Board of Directors of the Company.

Unless otherwise indicated in an applicable Prospectus Supplement, all series of Preferred Stock will be senior in right as to dividends and in liquidation to the Common Stock and any other class of stock of the Company ranking junior to the Preferred Stock.

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VOTING RIGHTS

Except as indicated in the applicable Prospectus Supplement or as expressly required by applicable law, the holders of the Preferred Stock will not be entitled to vote. In the event the Company issues a series of Preferred Stock with voting rights, unless otherwise specified in the Prospectus Supplement relating to such series, each such share will be entitled to one vote on matters on which holders of such series of the Preferred Stock are entitled to vote. Since each full share of any series of Preferred Stock of the Company shall be entitled to one vote, the voting power of such series, on matters on which holders of such series and holders of other series of Preferred Stock are entitled to vote as a single class, shall depend on the number of shares in such series, not the aggregate stated value, liquidation preference or initial offering price of the shares of such series of Preferred Stock.

CONVERSION AND EXCHANGE

The Prospectus Supplement relating to a series of the Preferred Stock will

set forth the conditions or terms, if any, upon which any such series will be convertible or exchangeable, and the terms of the securities into which such series will be convertible or exchangeable.

REDEMPTION RIGHTS

A series of the Preferred Stock may be redeemable, in whole or in part, at the option of the Company or any holder thereof, and may be subject to mandatory redemption pursuant to a sinking fund or otherwise, in each case upon terms, at the times and at the redemption prices specified in the applicable Prospectus Supplement and subject to the rights of holders of other securities of the Company. Preferred Stock redeemed by the Company will be restored to the status of authorized but unissued preferred shares.

If less than all outstanding shares of a series are to be redeemed, the shares to be redeemed will be selected ratably or by lot in such manner as may be prescribed by resolution of the Board of Directors. The notice of redemption will set forth the designation of the series or part of the series of shares to be redeemed, the date fixed for redemption, the redemption price, the place at which the shareholders may obtain payment of the redemption price upon surrender of their respective share certificates and a statement with respect to the existence of any right of conversion with respect to the shares to be redeemed and the period within which such right may be exercised. Such notice will be given to each holder of shares being called, either personally or by mail, not less than 20 nor more than 60 days before the date fixed for redemption. If mailed, such notice will be deemed to be delivered when deposited in the United States mail addressed to the shareholder at such shareholder's address as it appears on the stock transfer book of the Company, with postage thereon prepaid.

The Company may, on or prior to the date fixed for redemption of the series of Preferred Stock, deposit with any bank or trust company in Texas, or any bank or trust company in the United States duly appointed and acting as transfer agent for the Company, as a trust fund, a sum sufficient to redeem shares called for redemption, with irrevocable instructions and authority to such bank or trust company to give or complete the notice of redemption thereof and to pay, on or after the date fixed for such redemption, to the respective holders of shares, as evidenced by a list of holders of such shares certified by an officer of the Company, the redemption price upon surrender of their respective share certificates. From and after the date fixed for redemption, such shares shall be deemed to be redeemed and dividends thereon shall cease to accrue. Such deposit will be deemed to constitute full payment of such shares to their holders. From and after the date such deposit is made and such instructions are given, such shares shall no longer be deemed to be outstanding, and the holders thereof shall cease to be shareholders with respect to such shares, and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price of such shares, without interest (and, in the case of holders of certificated shares, upon the surrender of their respective certificates therefor), and any right to convert such

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shares which may exist. In case the holders of such shares shall not, within six years after such deposit, claim the amount deposited for redemption thereof, such bank or trust company shall upon demand pay over to the Company the balance of such amount so deposited to be held in trust and such bank or trust company shall thereupon be relieved of all responsibility to the holders thereof.

REPURCHASE OBLIGATION

The Prospectus Supplement relating to a series of the Preferred Stock will state the conditions and terms, if any, upon which such series shall be subject to repurchase by the Company.

RIGHTS UPON LIQUIDATION

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of each series of Preferred Stock shall be entitled to receive out of the assets of the Company available for distribution to shareholders, before any distribution of assets is made to holders of Common Stock or any other class or series of shares ranking junior to such Preferred Stock upon liquidation, a liquidating distribution in the amount per share as set forth in the Prospectus Supplement relating to such series of Preferred Stock plus accrued and unpaid dividends. If, upon any voluntary or involuntary liquidation, dissolution or winding up of the Company the amounts payable with respect to Preferred Stock of any series and any other shares of the Company ranking as to any such distribution on a parity with such Preferred Stock of such series are not paid in full, the holders of such Preferred Stock of such series and of such other shares will share ratably in any such distribution of assets of the Company in proportion to the full respective preferential amounts to which they are entitled. Neither the sale of all or substantially all of the property or business of the Company nor the merger or consolidation of the Company into or with any other corporation shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, of the

Company. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of Preferred Stock of any series will not be entitled to any further participation in any distribution of assets by the Company.

CONDITIONS AND RESTRICTIONS UPON THE COMPANY

The Prospectus Supplement relating to a series of the Preferred Stock will describe any conditions or restrictions upon the Company which are for the benefit of such series, including restrictions upon the creation of debt or other series of Preferred Stock; payment of dividends; or distributions, acquisitions or redemptions of shares ranking junior to such series.

DESCRIPTION OF COMMON STOCK

GENERAL

The Company is authorized to issue 300,000,000 shares of Common Stock, par value \$.50 per share. As of March 31, 1995, there were outstanding 204,820,775 shares of the Company's Common Stock.

Holders of the Company's Common Stock are entitled to receive dividends when, as and if declared by the Board of Directors of the Company out of any funds legally available therefor, and are entitled upon liquidation, after claims of creditors and preferences of any series of the Company's Preferred Stock, to receive pro rata the net assets of the Company.

The holders of the Common Stock are entitled to one vote for each share held and are vested with all of the voting power, except as the Board of Directors of the Company or an authorized committee thereof may provide in the future with respect to any series of Preferred Stock. Directors of the Company are elected for a one-year term expiring upon the annual meeting of stockholders of the Company. The holders of the Common Stock do not have cumulative voting rights.

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The holders of Common Stock do not have any preemptive rights to acquire any shares or other securities of any class which may at any time be issued, sold or offered for sale by the Company. The holders of Common Stock have no conversion rights and the Common Stock is not subject to redemption by either the Company or a stockholder.

The Company's Common Stock is listed on the New York, Pacific, London and Swiss Stock Exchanges. First Chicago Trust Company of New York is the transfer agent, registrar and dividend disbursing agent for the Common Stock.

PREFERRED SHARE PURCHASE RIGHTS

On July 27, 1989, the Board of Directors of the Company authorized the issuance of one preferred share purchase right (a "Right") for each share of Common Stock outstanding on August 7, 1989 and for each share of Common Stock issued thereafter but prior to the earlier of the Distribution Date and the Termination Date (as each such term is defined below). A Right is attached to each share of Common Stock and entitles the registered holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value \$1.50 per share, of the Company (the "Junior Preferred Shares"), at a price of \$120 per one one-hundredth of a Junior Preferred Share, subject to certain adjustments.

The Rights will expire on August 7, 1999, unless the expiration date is extended or the Rights are redeemed earlier (any such date being the "Termination Date"). The Rights are not exercisable or transferable separately from the shares of Common Stock until the "Distribution Date" which will occur on the earlier of (i) 10 business days following the first public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the outstanding Common Stock and any other shares of capital stock of the Company entitled to vote generally in the election of directors or entitled to vote in respect of any merger, consolidation, sale of all or substantially all of the Company's assets, liquidation, dissolution or winding up of the Company (the "Voting Stock") or (ii) 10 business days following the commencement of, or the first public announcement of an intention to commence, a tender or exchange offer the consummation of which would result in the beneficial ownership by a person or group of affiliated or associated persons of 25% or more of the then outstanding Voting Stock.

In the event the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earnings power should be sold or otherwise transferred, each holder of a Right will have the right to receive, upon payment of the Right's then current exercise price, common stock of the acquiring company which has a market value of two times the exercise price of the Right. In the event that any person becomes an Acquiring Person, each holder of a Right will thereafter have the right to receive upon

exercise thereof that number of shares of Common Stock (or under certain circumstances, Common Stock-equivalent Junior Preferred Shares) having a market value of two times the exercise price of the Rights.

At any time 10 business days after a person or group of affiliated or associated persons has become an Acquiring Person and prior to the acquisition by any person or group of 50% or more of the outstanding Voting Stock, the Board of Directors of the Company may exchange the Rights (other than Rights acquired or beneficially owned by such Acquiring Person, which Rights held by such Acquiring Person shall then be null and void), in whole or in part, at an exchange ratio of one share of Common Stock (or one one-hundredth of a share of Junior Preferred Stock), appropriately adjusted to reflect any stock split, stock dividend or similar transaction, for each two shares of Common Stock for which the Right is then exercisable.

At any time prior to the close of business on the tenth day following the first public announcement that a person or group of affiliated or associated persons has become an Acquiring Person, the Board of Directors of the Company may redeem the then outstanding Rights in whole, but not in part, at a price of \$.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction (the "Rights Redemption Price"). Any such redemption of the Rights may be

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made effective at such time, on such basis and with such conditions as the Board of Directors of the Company in its sole discretion may establish.

The purchase price payable, and the number of Junior Preferred Shares or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Junior Preferred Shares.

The number of outstanding Rights and the number of one one-hundredths of a Junior Preferred Share issuable upon exercise of each Right are also subject to adjustment in the event of reclassification of securities, or recapitalization or reorganization of the Company or other transaction involving the Company which has the effect, directly or indirectly, of increasing by more than one percent the proportionate share of the outstanding shares of any class of equity securities of the Company or any of its subsidiaries beneficially owned by any Acquiring Person, in any such case, prior to an exchange by the Company as described above.

The terms of the Rights may be amended, including extending the expiration date, by the Board of Directors of the Company without the consent of the holders of the Rights, except in certain circumstances.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Board of Directors of the Company. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of the Company since the Rights may be redeemed by the Company at the Rights Redemption Price prior to the time that a person or group has acquired beneficial ownership of 50% or more of the Voting Stock.

The Junior Preferred Shares will be non-redeemable and rank junior to all other series of the Company's Preferred Stock. Each whole Junior Preferred Share will be entitled to receive a quarterly preferential dividend in an amount equal to the greater of (i) \$0.25 or (ii) subject to certain adjustments, 100 times the dividend declared on each share of Common Stock. In the event of the liquidation, dissolution or winding up of the Company, each whole Junior Preferred Share will be entitled to receive a preferential liquidation payment in an amount equal to the greater of (i) \$1.50, or (ii) 100 times the aggregate amount to be distributed per share to holders of Common Stock, plus, in either case, an amount equal to all accrued and unpaid dividends thereon. In the event of any merger, consolidation or other transaction in which Common Stock is exchanged for or changed into other stock or securities, cash or other property, each whole Junior Preferred Share will be entitled to receive 100 times the amount received per each share of Common Stock. Each whole Junior Preferred Share will be entitled to 100 votes on all matters submitted to a vote of the shareholders of the Company, and Junior Preferred Shares will generally vote together as one class with the Common Stock and any other voting capital stock of the Company on all matters submitted to a vote of shareholders of the Company.

If such registration is then required by applicable law, the Company will use its best efforts to cause the offer and sale of Junior Preferred Shares issuable upon exercise of the Rights to be registered pursuant to the Securities Act at any such time as the Rights become exercisable.

The foregoing description of the Rights and the Junior Preferred Shares does not purport to be complete and is qualified in its entirety by reference to

DESCRIPTION OF WARRANTS

The Company may issue Debt Warrants, Preferred Stock Warrants, and Common Stock Warrants (collectively, the "Warrants"). Each Debt Warrant will entitle the holder thereof to purchase a series of Debt Securities at such exercise price as shall be set forth in, or be determinable as set forth in, the Prospectus Supplement relating to the Debt Warrants offered thereby. Similarly, each Preferred Stock Warrant and Common Stock Warrant (collectively, the "Stock Warrants") will entitle the holder thereof to purchase such number of shares of Preferred Stock of a particular series or of Common Stock, as the case may be, and at such exercise price, as shall be set forth in, or calculable from, the applicable Prospectus Supplement. Warrants may be issued independently or together with other Securities offered by a Prospectus Supplement and may be attached to or separate from such other Securities. Each series of Warrants may be issued under a separate warrant agreement (each a "Warrant Agreement") to be entered into between the Company and such bank or trust company as shall be designated in the applicable Prospectus Supplement as warrant agent (the "Warrant Agent"). Each Warrant Agent will act solely as the agent of the Company in connection with the applicable Warrants and will not assume any obligation or relationship of agency or trust for or with holders or beneficial owners of such Warrants.

The following describes the type of information that will be set forth in a Prospectus Supplement relating to a series of Warrants.

DEBT WARRANTS

If Debt Warrants are offered, the applicable Prospectus Supplement will describe the terms of such Debt Warrants, the Warrant Agreement relating to such Debt Warrants and the certificates, if any, representing such Debt Warrants, including the following, where applicable: (1) the specific designation and number of such Debt Warrants; (2) the offering price, if any, of such Debt Warrants; (3) the designation, aggregate principal amount, denominations and terms of the series of Debt Securities purchasable upon exercise of such Debt Warrants and the procedures and conditions relating to the exercise of such Debt Warrants; (4) the designation and terms of any related series of Securities with which such Debt Warrants are issued and the number of such Debt Warrants issued with each such Security; (5) the date, if any, on and after which such Debt Warrants and the related Securities will be separately transferable; (6) the principal amount of the series of Debt Securities purchasable upon exercise of each such Debt Warrant and the price at which such principal amount of Debt Securities may be purchased upon such exercise and whether such Debt Securities may be purchased for consideration other than cash; (7) the date on which the right to exercise such Debt Warrants shall commence and the date on which such right shall expire; (8) any anti-dilution provisions of such Debt Warrants; (9) any redemption or call provisions applicable to such Debt Warrants; (10) if the series of Debt Securities purchasable upon exercise of such Debt Warrants are Original Issue Discount Securities, a discussion of certain Federal income tax considerations applicable thereto; (11) where the certificates, if any, representing such Debt Warrants may be transferred and registered; (12) information with respect to any book-entry procedures, if any; and (13) any other terms of such Debt Warrants.

STOCK WARRANTS

If Stock Warrants are offered, the applicable Prospectus Supplement will describe the terms of such Stock Warrants, the Warrant Agreement relating to such Stock Warrants and the certificates, if any, representing such Stock Warrants, including the following, where applicable: (1) the designation and aggregate number of such Stock Warrants; (2) the offering price, if any, of such Stock Warrants; (3) in the case of Preferred Stock Warrants, the designation and terms of the series of Preferred Stock purchasable upon exercise of such Preferred Stock Warrants and whether such series of Preferred Stock is convertible or exchangeable for other Securities; (4) the aggregate number of shares of Common Stock or such series of Preferred Stock purchasable upon exercise of such Stock Warrants and the minimum number of Stock Warrants that are exercisable; (5) the

terms of the Securities with which such Stock Warrants are being offered and the number of such Stock Warrants being offered with each such Security; (6) the date on and after which such Stock Warrants and the related Security will be transferable separately; (7) the number of shares of Common Stock or Preferred Stock purchasable upon exercise of each such Stock Warrant and the price at

which such number of shares of Common Stock or Preferred Stock may be purchased upon such exercise; (8) the date on which the right to exercise such Stock Warrants shall commence and the date on which such right shall expire; (9) any anti-dilution provisions of such Stock Warrants; (10) any redemption or call provisions applicable to such Stock Warrants; (11) where the certificates, if any, representing such Stock Warrants may be transferred and registered; (12) whether the Stock Warrants represented by the warrant certificates will be issued in registered or bearer form; (13) information with respect to book-entry procedures, if any; and (14) any other terms of such Stock Warrants.

PLAN OF DISTRIBUTION

GENERAL

The Company may sell Securities to or through underwriters or dealers; directly to other purchasers; through agents; or through a combination of any such methods of sale. Any such underwriter, dealer or agent involved in the offer and sale of the offered Securities will be named in an applicable Prospectus Supplement or Prospectus Supplements (including any Pricing Supplement or Pricing Supplements).

The distribution of the Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of Securities, underwriters may receive compensation from the Company or from purchasers of Securities for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent. Underwriters, dealers and agents that participate in the distribution of Securities may be deemed to be underwriters, and any discounts or commissions received by them from the Company and any profit on the resale of Securities by them may be deemed to be underwriting discounts and commissions, under the Securities Act. Any compensation paid by the Company to underwriters, dealers or agents in connection with the offering of the Securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be described in an applicable Prospectus Supplement or Pricing Supplement.

Under agreements which may be entered into by the Company, underwriters, dealers and agents who participate in the distribution of Securities may be entitled to indemnification by the Company against and/or contribution by the Company toward certain liabilities, including liabilities under the Securities Act and to reimbursement for certain expenses.

Certain of the underwriters, dealers or agents and their associates may be customers of, engage in transactions with and perform services for the Company or one or more of its affiliates in the ordinary course of business.

The specific terms and manner of sale, including the place and time of delivery, of the Securities in respect of which this Prospectus is being delivered will be set forth or summarized in the applicable Prospectus Supplement.

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DELAYED DELIVERY ARRANGEMENTS

If so indicated in the Prospectus Supplement, the Company will authorize underwriters, dealers or other persons acting as the Company's agents to solicit offers by certain institutions to purchase Securities from the Company pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases purchases by such institutions must be approved by the Company. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of the Securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts.

LEGAL OPINIONS

Unless otherwise indicated in a Prospectus Supplement, the validity of each issue of the Securities will be passed upon for the Company by Vinson & Elkins L.L.P., Houston, Texas, and certain legal matters relating to the Securities offered hereby will be passed upon for any underwriters, dealers or agents of a particular issue of Securities by Brown & Wood, New York, New York. Brown & Wood may rely as to matters of Texas law on the opinion of Vinson & Elkins L.L.P. J. Evans Attwell, a partner in the firm of Vinson & Elkins L.L.P., is a director of

the Company.

EXPERTS

The consolidated financial statements and schedules of the Company and its subsidiaries appearing in or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1994 have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included therein and incorporated herein by reference. See "Incorporation of Certain Documents by Reference." Such financial statements and schedules are, and audited financial statements and schedules to be included in subsequently filed documents will be, incorporated herein by reference in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements (to the extent covered by consents filed with the Commission) given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of American Franklin Company and Subsidiaries as of December 31, 1993, and for the year then ended, appearing in American General's Current Report on Form 8-K dated February 14, 1995, and the consolidated financial statements of American Franklin Company and Subsidiaries as of December 31, 1994 and 1993, and for the years ended December 31, 1994 and 1993, appearing in American General's Current Report on Form 8-K dated April 14, 1995, have been audited by Coopers & Lybrand L.L.P., independent accountants, as set forth in their reports thereon included therein and incorporated herein by reference. See "Incorporation of Certain Documents by Reference." Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

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* INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A *
* REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED *
* WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT *
* BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE *
* REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT *
* CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY *
* NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH *
* SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO *
* REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH *
* STATE. *
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SUBJECT TO COMPLETION, DATED MAY 10, 1995

PROSPECTUS

(AMERICAN GENERAL LOGO)

\$1,250,000,000

AMERICAN GENERAL DELAWARE, L.L.C.
AMERICAN GENERAL CAPITAL, L.L.C.
PREFERRED SECURITIES
GUARANTEED TO THE EXTENT SET FORTH HEREIN BY
AMERICAN GENERAL CORPORATION

American General Delaware, L.L.C. and American General Capital, L.L.C., each a Delaware limited liability company (each, an "American General LLC" and, together, the "American General LLCs"), may separately offer from time to time, in one or more series, their preferred limited liability company interests (the "Preferred Securities"). The payment of periodic cash distributions ("dividends") with respect to Preferred Securities of each of the American General LLCs, and payments on redemption and liquidation with respect to such Preferred Securities will be guaranteed by American General Corporation, a Texas corporation ("American General" or the "Company"), to the extent described herein (each, a "Guarantee"). See "Description of the Guarantees." American General's obligations under the Guarantees will be subordinate and junior in right of payment to all other liabilities of American General and pari passu with the most senior preferred stock issued by American General. Concurrently with the issuance of each series of Preferred Securities, the American General LLC issuing such Preferred Securities will invest the proceeds thereof in a series of American General's junior subordinated debentures (the "Junior Subordinated Debentures"), which will bear interest at the same rate as the

dividend rate on such Preferred Securities. If and to the extent set forth in the Prospectus Supplement pertaining to the particular series of Preferred Securities in respect of which this Prospectus is being delivered (the "Prospectus Supplement"), such Junior Subordinated Debentures subsequently may be distributed to holders of such series of Preferred Securities upon the occurrence of certain events. The Junior Subordinated Debentures will be unsecured and subordinate and junior in right of payment to Senior Indebtedness (as defined herein) of American General. See "Description of the Junior Subordinated Debentures."

The specific terms of the Preferred Securities of any particular series in respect of which this Prospectus is being delivered will be set forth in the Prospectus Supplement which will describe, without limitation and to the extent applicable, the following: the specific designation, number of Preferred Securities, dividend rate (or the method of determining such rate), dates on which dividends will be payable, liquidation preference, any voting rights, any redemption provisions, terms for any conversion or exchange into Common Stock, par value \$.50 per share, of American General ("American General Common Stock"), Preferred Stock, par value \$1.50 per share, of American General ("American General Preferred Stock") or other securities, the initial public offering price, any listing on a securities exchange, and any other rights, preferences, privileges, limitations and restrictions thereof. The specific terms of the related series of Junior Subordinated Debentures will also be described in such Prospectus Supplement.

The Preferred Securities may be offered in amounts, at prices and on terms to be determined at the time of offering; provided, however, that the aggregate initial public offering price of all Preferred Securities sold hereunder may not exceed \$1,250,000,000, less the aggregate initial public offering price of all securities of American General which are sold under a separate prospectus which also constitutes a part of the Registration Statement of which this Prospectus constitutes a part. See "Available Information."

The Prospectus Supplement relating to any series of Preferred Securities will contain information concerning certain United States federal income tax considerations applicable to such Preferred Securities and the related series of Junior Subordinated Debentures.

The Preferred Securities may be sold directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Preferred Securities in respect of which this Prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to the applicable American General LLC from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable Prospectus Supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This Prospectus may not be used to consummate sales of the Preferred Securities unless accompanied by a Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND
EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE
SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES
COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS
PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A
CRIMINAL OFFENSE.

The date of this Prospectus is May , 1995.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER
OF INSURANCE OF THE STATE OF NORTH CAROLINA, NOR HAS THE COMMISSIONER OF
INSURANCE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS OR ANY
PROSPECTUS SUPPLEMENT.

AVAILABLE INFORMATION

American General is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by American General may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices at 500 West Madison Street, Chicago, Illinois 60661 and Seven World Trade Center, Suite 1300, New York, New York 10048. Copies of such materials may

be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, such material may also be inspected and copied at the offices of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 and The Pacific Stock Exchange, Incorporated, 301 Pine Street, San Francisco, California 94104.

The American General LLCs and American General have filed with the Commission a registration statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus, which constitutes part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement.

In addition to this Prospectus, the Registration Statement contains another prospectus which relates to the offer and sale from time to time of various securities of American General. The \$1,250,000,000 aggregate maximum initial public offering price of Preferred Securities which may be sold under this Prospectus will be reduced by the amount of the aggregate initial public offering price of any securities sold under such other prospectus.

Statements contained herein concerning the provisions of any document filed as an exhibit to the Registration Statement or otherwise filed with the Commission are not necessarily complete, and in each instance reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference.

No separate financial statements of either of the American General LLCs have been included herein. American General and the American General LLCs do not consider that such financial statements would be material to holders of the Preferred Securities because each American General LLC is a newly formed special purpose entity, has no operating history, has no independent operations and is not engaged in, and does not propose to engage in, any activity other than as set forth below, and because American General will guarantee the obligations of each American General LLC under the terms of the Preferred Securities to the extent set forth herein and in the applicable Prospectus Supplement. See "American General LLCs" and "Description of the Guarantees."

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, which have been filed by American General with the Commission pursuant to the Exchange Act (File No. 1-7981), are incorporated herein by reference:

- American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994;
- American General's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1995; and
- American General's Current Reports on Form 8-K dated February 14, 1995, March 22, 1995, April 14, 1995 and May 9, 1995.

Each document filed by American General pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of Preferred Securities made hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such document.

Any statement contained herein, in a Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of the Registration Statement and this Prospectus to the extent that a statement contained herein, in a Prospectus Supplement or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Registration Statement or this Prospectus.

AMERICAN GENERAL

American General is the parent company of one of the nation's largest consumer financial services organizations. American General is headquartered in

Houston, Texas and operates through its subsidiaries in all 50 states, the District of Columbia, Canada, Puerto Rico, and the U.S. Virgin Islands. American General was incorporated as a general business corporation in Texas in 1980 and is the successor to American General Insurance Company, incorporated in Texas in 1926.

American General's operations are classified into three business segments: Retirement Annuities, which specializes in providing tax-deferred retirement plans and annuities to employees of educational, health care and other not-for-profit organizations; Consumer Finance, which offers consumer and home equity loans, credit cards, and credit-related insurance to individuals through more than 1,300 branch offices; and Life Insurance, which provides traditional and interest-sensitive life insurance and both fixed and variable annuity products through 14,000 sales representatives and general agents.

Since American General is a holding company, rights to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise (and thus the ability of holders of securities or guarantees issued by American General to benefit indirectly from such distribution) are subject to the prior claims of creditors of that subsidiary, except to the extent that American General may itself be a creditor of that subsidiary. Claims on American General's subsidiaries by other creditors include substantial claims for policy benefits and debt obligations, as well as other liabilities incurred in the ordinary course of business. In addition, since many of American General's subsidiaries are insurance companies subject to regulatory control by various state insurance departments, the ability of such subsidiaries to pay dividends to American General without prior regulatory approval is limited by applicable laws and regulations. Further, certain non-insurance subsidiaries are similarly restricted in their ability to make dividend payments by long-term debt agreements. At December 31, 1994, the amount available to American General for dividends from subsidiaries not limited by such restrictions was \$1.1 billion.

The principal executive offices of American General are located at 2929 Allen Parkway, Houston, Texas 77019-2155, and its telephone number is (713) 522-1111.

AMERICAN GENERAL LLCs

American General Delaware, L.L.C. and American General Capital, L.L.C. are each a limited liability company formed in March 1995 under the laws of the State of Delaware. American General owns directly or indirectly all of the common limited liability interests (the "Common Securities") of each American General LLC, which securities are nontransferable. The American General LLCs will be managed by American General Delaware Management Corporation, a wholly-owned subsidiary of American General, as manager (the "Manager"), in accordance with their respective Limited Liability Company Agreements, as amended (each, an "LLC Agreement"). Each American General LLC exists solely for the purpose of issuing Preferred Securities and Common Securities and investing 99% of the proceeds thereof in Junior Subordinated Debentures. The remaining 1% of such proceeds will be invested by the applicable American General LLC in Eligible Investments (as defined in the applicable LLC Agreement). See "Use of Proceeds." The principal executive offices of the American General LLCs are located c/o the Manager at 2590 American General Center, Nashville, Tennessee 37250.

Pursuant to each LLC Agreement, the members of an American General LLC that own Common Securities have unlimited liabilities for the debts, obligations and liabilities of such American General LLC in the same manner as a general partner of a Delaware limited partnership (which do not include obligations to holders of Preferred Securities in their capacity as such), to the extent not fully satisfied and discharged by such American General LLC. That liability on the part of such members is for the benefit of, and is enforceable by, the liquidating trustee of such American

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General LLC in the event of its dissolution and is for the benefit of third parties to whom such American General LLC owes such debts, obligations and liabilities. The holders of Preferred Securities, in their capacity as members of an American General LLC, will not be liable for the debts, obligations or liabilities of such American General LLC (subject to their obligation to repay any funds wrongfully distributed to them).

RATIO OF EARNINGS TO FIXED CHARGES AND

RATIO OF EARNINGS TO COMBINED FIXED CHARGES

AND PREFERRED STOCK DIVIDENDS

The ratio of earnings to fixed charges is calculated by dividing total fixed charges into earnings available for the payment of fixed charges. Earnings available for the payment of fixed charges is the sum of fixed charges deducted from income and income before tax expense, accounting changes, and preferred stock dividends. Total fixed charges consist of interest expense, capitalized interest, a portion of rental expense, and preferred stock dividends of majority-owned subsidiaries.

The following table sets forth the ratio of earnings to fixed charges for the periods indicated.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,		YEARS ENDED DECEMBER 31,				
	1995	1994	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of earnings to fixed charges:							
Consolidated operations.....	2.5	3.0	2.4	2.1	2.4	2.1	2.2
Consolidated operations, corporate (parent company) fixed charges only.....	7.6	9.3	7.6	6.0	7.2	5.8	5.3

</TABLE>

Because no preferred stock dividends were paid in the periods reported above (other than preferred stock dividends paid by a wholly-owned subsidiary in 1990), the ratio of earnings to combined fixed charges and preferred stock dividends for such periods is the same as the ratio of earnings to fixed charges.

USE OF PROCEEDS

Each of the American General LLCs will invest the proceeds received from any sale by it of Preferred Securities in Junior Subordinated Debentures of American General. Unless otherwise specified in the applicable Prospectus Supplement, the net proceeds to be received by American General from the sale of Junior Subordinated Debentures will be added to American General's general corporate funds and may be used for repayment of long- or short-term indebtedness or for general corporate purposes.

DESCRIPTION OF THE PREFERRED SECURITIES

The following is a summary of certain terms and provisions of the Preferred Securities. Reference is made to the amended LLC Agreement of the applicable American General LLC and the written action taken or to be taken pursuant to such LLC Agreement establishing the rights, preferences, privileges, limitations and restrictions relating to the Preferred Securities of each series (each, a "Declaration"). The summaries set forth below and in the applicable Prospectus Supplement address the material terms of the Preferred Securities of any particular series but do not purport to be complete and are subject to, and qualified in their entirety by reference to, the applicable LLC Agreement and Declaration. Capitalized terms used in the summaries below and not

otherwise defined herein have the respective meanings set forth in the applicable LLC Agreement and Declaration.

GENERAL

Each American General LLC is authorized to issue, from time to time, Common Securities and Preferred Securities, in one or more series, with such dividend terms, liquidation preferences per share, voting rights, redemption provisions, conversion or exchange rights and other rights, preferences, privileges, limitations and restrictions as are set forth in its LLC Agreement, the Delaware Limited Liability Company Act (the "LLC Act") and the Declaration adopted or to be adopted with respect to each such series. All of the Preferred Securities which may be issued in one or more series by either American General LLC will rank pari passu with each other series issued by such American General LLC with respect to the payment of dividends and distribution of assets upon liquidation, dissolution or winding-up. Holders of Preferred Securities will have no preemptive rights and will not have the right to remove or replace the Manager

of either American General LLC. The holders of Preferred Securities, in their capacity as members of an American General LLC, are not liable for the debts, obligations or liabilities of such American General LLC (subject to their obligation to repay any funds wrongfully distributed to them).

Reference is made to the Prospectus Supplement relating to the particular series of Preferred Securities being offered thereby for the specific terms thereof, including: (i) the particular American General LLC issuing such series of Preferred Securities; (ii) the initial public offering price of such series of Preferred Securities; (iii) the specific designation of such series of Preferred Securities which shall distinguish it from other series; (iv) the number of Preferred Securities included in such series, which number may be increased or decreased from time to time unless otherwise provided by the Manager in creating the series; (v) the annual dividend rate of Preferred Securities of such series (or method of determining such rate) and when dividends will accrue and be payable; (vi) whether dividends on Preferred Securities of such series shall be cumulative, and, if so, the date or dates or method of determining the date or dates from which dividends on Preferred Securities of such series shall be cumulative; (vii) the amount or amounts which shall be paid out of the assets of such American General LLC to the holders of Preferred Securities of such series upon voluntary or involuntary liquidation, dissolution or winding-up of such American General LLC; (viii) if applicable, the price or prices at which, the date or dates on which, the period or periods within which and the terms and conditions upon which Preferred Securities of such series may be redeemed or purchased, in whole or in part, at the option of such American General LLC or the Manager; (ix) the obligation, if any, of such American General LLC to purchase or redeem Preferred Securities of such series and the price or prices at which, the date or dates on which, the period or periods within which and the terms and conditions upon which Preferred Securities of such series shall be purchased or redeemed, in whole or in part, pursuant to such obligation; (x) the voting rights, if any, of Preferred Securities of such series in addition to those required by law, including the number of votes per Preferred Security of such series and any requirement for the approval by the holders of a certain specified percentage of Preferred Securities of such series as a condition to specified action or amendments to the LLC Agreement of such American General LLC or the applicable Declaration; (xi) the terms and conditions, if any, under which Preferred Securities of such series may be converted into shares of American General Common Stock, including the conversion price per share and the circumstances, if any, under which any such conversion right shall expire; (xii) the terms and conditions, if any, under which Preferred Securities of such series may be exchanged for shares of a series of American General Preferred Stock; (xiii) the terms and conditions, if any, upon which the related series of Junior Subordinated Debentures may be distributed to holders of Preferred Securities of such series; (xiv) if applicable, any securities exchange upon which the Preferred Securities of such series shall be listed; and (xv) any other rights, preferences, privileges, limitations or restrictions of the Preferred Securities of such series (and such Prospectus Supplement may state that any of the terms set forth herein are inapplicable to Preferred Securities of such series or are modified to the extent described therein). All Preferred

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Securities offered hereby will be guaranteed by American General to the extent set forth below under "Description of the Guarantees" and in the applicable Prospectus Supplement. Certain federal income tax considerations applicable to an investment in Preferred Securities will be described in the Prospectus Supplement relating thereto.

BOOK-ENTRY-ONLY ISSUANCE -- THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") will act as securities depository for the Preferred Securities. Each series of Preferred Securities will be issued only as fully-registered securities registered in the name of Cede & Co. (as nominee for DTC). One or more fully-registered global Preferred Security certificates will be issued by the applicable American General LLC, representing in the aggregate the total number of Preferred Securities of a series, and will be deposited with or on behalf of DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of

Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of Preferred Securities within the DTC system must be made by or through Direct Participants, which will receive a credit for the Preferred Securities on DTC's records. The ownership interest of each actual purchaser of a Preferred Security ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners purchased the Preferred Securities. Transfers of ownership interests in Preferred Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in a series of Preferred Securities, except upon a resignation of DTC, upon the occurrence of an Event of Default (as defined below) under the Junior Subordinated Indenture (as defined below) with respect to the related series of Junior Subordinated Debentures or upon a decision by the applicable American General LLC, approved by American General, to discontinue the book-entry system for such series of Preferred Securities.

The laws of some jurisdictions require that certain purchasers take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global Preferred Security.

DTC has no knowledge of the actual Beneficial Owners of the Preferred Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Preferred Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices with respect to the Preferred Securities will be sent to Cede & Co. If less than all of a series of Preferred Securities are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Although voting with respect to the Preferred Securities is limited, in those cases where a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to Preferred Securities. Under its usual procedures, DTC would mail an Omnibus Proxy to the applicable American General LLC as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Preferred Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Dividend payments on the Preferred Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices and will be the responsibility of each Participant and not of DTC, the American General LLCs or American General, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of dividends to DTC is the responsibility of the applicable American General LLC, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

In order to convert a Preferred Security represented by a global Preferred Security certificate, the Beneficial Owner must give notice of its election to convert such Preferred Security, through its Direct or Indirect Participant, to the Conversion Agent, and must effect delivery thereof by causing the Direct Participant to transfer its interest in the related global Preferred Security certificate, on DTC's records, to the Conversion Agent.

Except as provided herein, a Beneficial Owner in a global Preferred Security will not be entitled to receive physical delivery of Preferred Securities. Accordingly, each Beneficial Owner must rely on the procedures of DTC and the applicable Participants to exercise any rights under any series of the Preferred Securities.

DTC may discontinue providing its services as securities depository with respect to the Preferred Securities or any series thereof at any time by giving reasonable notice to each applicable American General LLC. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the applicable series of Preferred Securities will be printed and delivered. If an Event of Default occurs under the Junior Subordinated Indenture with respect to the related series of Junior Subordinated Debentures or if an American General LLC (with the consent of American General) decides to discontinue use of the system of book-entry transfers through DTC (or a successor depository), certificates representing the applicable series of Preferred Securities will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that American General and the American General LLCs believe to be reliable, but neither American General, either American General LLC nor any agent, underwriter or dealer takes responsibility for the accuracy thereof.

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DESCRIPTION OF THE GUARANTEES

Set forth below is a summary of information concerning the separate Guarantees which will be executed and delivered by American General to each American General LLC. Each such Guarantee delivered to an American General LLC will be for the benefit of the holders from time to time of the Preferred Securities issued by the applicable American General LLC. The summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, each Guarantee, a form of which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part.

GENERAL

American General will execute separate Guarantees with respect to all Preferred Securities, regardless of series, issued by each American General LLC. Pursuant to each Guarantee, American General will irrevocably and unconditionally agree, on a subordinated basis and to the extent set forth therein, to pay in full to the holders of the Preferred Securities of each series issued by the applicable American General LLC, the Guarantee Payments (as defined below) (except to the extent previously paid by such American General LLC), as and when due, regardless of any defense, right of set-off or counterclaim that such American General LLC may have or assert. The following payments with respect to any series of Preferred Securities issued by an American General LLC, to the extent not paid by such American General LLC, are the "Guarantee Payments": (a) any accumulated and unpaid dividends (whether or not earned) (including any additional dividends intended to provide monthly compounding on dividend arrearages) which are required to be paid on any such Preferred Securities, but only if and to the extent that such dividends have been declared from funds of such American General LLC legally available therefor; (b) the redemption price, including all accumulated and unpaid dividends (whether or not earned or declared) (including any additional dividends intended to provide monthly compounding of dividend arrearages) payable with respect to any such Preferred Securities called for redemption (the "Redemption Price"), but only to the extent payable out of funds of such American General LLC legally available therefor, and (c) upon a voluntary or involuntary liquidation, dissolution, or winding-up of such American General LLC other than in connection with or after the exchange, if applicable, of any such Preferred Securities for the related series of Junior Subordinated Debentures, the lesser of (i) the aggregate of the liquidation preference and all accumulated and unpaid dividends (whether or not earned or declared) (including any additional dividends intended to provide monthly compounding on dividend arrearages) on any such Preferred Securities to the date of payment and (ii) the amount of assets of such American General LLC available for distribution to holders of any such Preferred Securities in liquidation, dissolution or winding-up of such American General LLC. American General's obligation to make a Guarantee Payment in respect of a series of Preferred Securities may be satisfied by American General's direct payment of the required amounts to the holders of such series of Preferred Securities or by causing the applicable American General LLC to pay such amounts to such holders.

If American General fails to make interest or redemption payments on a series of Junior Subordinated Debentures held by an American General LLC, such American General LLC will have insufficient funds to pay dividends on, the Redemption Price of, or the liquidation distribution with respect to, the related series of Preferred Securities. The Guarantees do not cover payment of dividends, the Redemption Price or the liquidation distribution when the applicable American General LLC does not have sufficient funds legally available to make such payments.

The Guarantees will constitute guarantees of payment and not of collection. Each Guarantee will be deposited with the Manager of the applicable American General LLC to be held for the benefit of the holders of Preferred Securities issued by such American General LLC. In the event of the appointment by the holders of a series of Preferred Securities of a special trustee (a "Special Trustee"), the Special Trustee may enforce such Guarantee to the extent it relates to such series. If no Special Trustee has been appointed to enforce such Guarantee, the Manager of such American

General LLC shall have the right to enforce such Guarantee on behalf of the holders of such series of Preferred Securities. The holders of not less than 66 2/3% of the aggregate liquidation preference of such series of Preferred Securities then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available with respect to such series of Preferred Securities under such Guarantee, including the giving of directions to such Manager or Special Trustee, as the case may be; provided, however, that, notwithstanding the foregoing, each holder of such series of Preferred Securities shall have the right to institute a legal proceeding directly against American General to enforce its rights under such Guarantee without first instituting a legal proceeding against the applicable American General LLC or any other person or entity.

CERTAIN COVENANTS OF AMERICAN GENERAL

In each Guarantee, American General will covenant and agree that, so long as any Preferred Securities subject to such Guarantee remain outstanding, American General will not declare or pay any dividend on, and American General will not, and American General will not permit any of its majority-owned subsidiaries to, redeem, purchase, acquire or make a liquidation payment with respect to, any of American General's capital stock (other than (i) purchases or acquisitions of shares of American General Common Stock in connection with the satisfaction by American General or any of its majority-owned subsidiaries of its obligations under any employee benefit plans or the satisfaction by American General of its obligations pursuant to any put contract requiring American General to purchase shares of American General Common Stock, (ii) as a result of a reclassification of American General's capital stock or the exchange or conversion of one class or series of American General's capital stock for another class or series of American General's capital stock, (iii) redemptions or purchases of any share purchase rights issued by American General pursuant to the Rights Agreement (see "Description of American General Common Stock -- Preferred Share Purchase Rights") or the declaration and payment of a dividend of similar share purchase rights in the future or (iv) the purchase of fractional interests in shares of American General's capital stock pursuant to the conversion or exchange provisions of such American General capital stock or the security being converted or exchanged) or make any guarantee payments with respect to the foregoing, if at such time American General has exercised its option to extend an interest payment period on the series of Junior Subordinated Debentures related to such Preferred Securities and such extension is continuing, American General is in default with respect to its payment or other obligations under such Guarantee or there has occurred and is continuing any Event of Default under the Junior Subordinated Indenture with respect to the series of Junior Subordinated Debentures related to such Preferred Securities. American General will covenant to take all actions necessary to ensure the compliance of its majority-owned subsidiaries with the above covenant.

In each Guarantee, American General will also covenant that, so long as any Preferred Securities subject to such Guarantee remain outstanding, it will (a) not cause or permit any Common Securities to be transferred (other than in connection with a merger or consolidation of a holder of the Common Securities permitted under the Junior Subordinated Indenture or the applicable LLC Agreement), (b) maintain direct or indirect ownership of all outstanding Common Securities and other limited liability company interests in the applicable American General LLC other than any series of Preferred Securities (except as permitted in the applicable LLC Agreement), (c) cause at least 21% of all interests in the capital, income, gain, loss, deduction and credit of such American General LLC to be represented by Common Securities, (d) not voluntarily liquidate, dissolve or wind-up itself (other than in connection with a merger or consolidation permitted under the Junior Subordinated Indenture or the applicable LLC Agreement), or permit the Manager (other than in connection with a merger or consolidation permitted under the Junior Subordinated Indenture or the applicable LLC Agreement) or such American General LLC (other than in connection with or after an exchange of all outstanding series of Preferred Securities of such American General LLC for the related series of Junior Subordinated Debentures, if so provided in the applicable Declaration) to liquidate, dissolve or wind-up, (e) except as may be otherwise permitted by the

Corporation to remain the Manager and to timely perform all of its duties as Manager of such American General LLC (including the duty to cause such American General LLC to declare and pay dividends on such Preferred Securities to the extent set forth in the applicable LLC Agreement and Declaration), unless a permitted Successor Manager is appointed pursuant to the applicable LLC Agreement and (f) subject to the terms of such Preferred Securities, use reasonable efforts to cause such American General LLC to remain a Delaware limited liability company and otherwise continue to be treated as a partnership for United States federal income tax purposes.

In each Guarantee, American General will further agree to honor all its obligations, if any, relating to the conversion or exchange of Preferred Securities subject to such Guarantee into or for shares of American General Common Stock or the related series of American General Preferred Stock. Such obligations, if any, will be described in the applicable Prospectus Supplement.

STATUS OF THE GUARANTEES

The Guarantees will constitute unsecured obligations of American General and will rank (i) subordinate and junior in right of payment to all other liabilities of American General other than the guarantees referred to in clauses (ii) and (iii) below, (ii) pari passu with the most senior preferred stock issued by American General and with any other guarantee executed by American General in respect of any preferred stock or interest of any affiliate of American General that provides that such guarantee is pari passu in right of payment with the Guarantees and (iii) senior to American General Common Stock, any other class or series of capital stock issued by American General which by its express terms ranks junior to the most senior preferred stock issued by American General as to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding-up of American General and any guarantee executed by American General that provides that such guarantee is junior in right of payment to the Guarantees. Upon the liquidation, dissolution or winding-up of American General, its obligations under the Guarantees will rank junior to all of its other liabilities (other than those guarantees referred to in clauses (ii) and (iii) above) and, therefore, funds may not be available for payment under the Guarantees. The LLC Agreement of each American General LLC provides that each holder of Preferred Securities issued by such American General LLC by acceptance thereof agrees to the subordination provisions and other terms of the Guarantee relating thereto.

AMENDMENTS AND ASSIGNMENT

Except with respect to any changes which do not adversely affect the rights of holders of Preferred Securities (in which case no vote will be required), each Guarantee may be amended with respect to each series of Preferred Securities subject to such Guarantee and affected by such amendment only with the prior approval of the holders of not less than 66 2/3% of the aggregate liquidation preference of the outstanding Preferred Securities of such series. The manner of obtaining any such approval of holders of such Preferred Securities will be as set forth in the applicable Prospectus Supplement. All provisions contained in a Guarantee will bind the successors, assigns, receivers, trustees and representatives of American General and will inure to the benefit of the holders of the Preferred Securities of the applicable American General LLC then outstanding. Except in connection with any merger or consolidation of American General into or with another entity or any conveyance, transfer or lease of all or substantially all of American General's assets to another entity as permitted under "Description of the Junior Subordinated Debentures -- Consolidation, Merger and Sale," American General may not assign its rights or delegate its obligations under a Guarantee without the prior approval of the holders of not less than 66 2/3% of the aggregate liquidation preference of the outstanding Preferred Securities of all series subject to such Guarantee voting as a single class.

TERMINATION

Each Guarantee will terminate as to the Preferred Securities of any particular series subject thereto upon (a) full payment of the Redemption Price of all outstanding Preferred Securities of such series, (b) if applicable, the conversion of all outstanding Preferred Securities of such series into shares of American General Common Stock or other property, (c) if applicable, the exchange of all outstanding Preferred Securities of such series for shares of the related series of American General Preferred Stock or (d) if applicable, the exchange of all outstanding Preferred Securities of such series for the related series of Junior Subordinated Debentures. In addition, each Guarantee will terminate completely upon full payment of the amounts payable with respect to all Preferred Securities subject to such Guarantee upon liquidation, dissolution or winding-up of such American General LLC. Notwithstanding the foregoing, each Guarantee will continue to be effective or (to the fullest extent permitted by law) will be reinstated, as the case may be, with respect to the applicable Preferred Securities of any holder who has been required to restore payment of any sums received on account of, or to redeliver any securities received on account of, such Preferred Securities or the Guarantee relating thereto.

GOVERNING LAW

The Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

DESCRIPTION OF THE JUNIOR SUBORDINATED DEBENTURES

Set forth below is a summary of information concerning the Junior Subordinated Debentures which will be issued from time to time in one or more series under an Indenture, dated as of _____, 1995 (the "Junior Subordinated Indenture"), between American General and Chemical Bank, as trustee (the "Junior Subordinated Trustee"). Concurrently with the issuance of each series of Preferred Securities, the American General LLC issuing such Preferred Securities will invest the proceeds thereof, together with substantially all the proceeds from any related issuance of Common Securities, in a series of the Junior Subordinated Debentures. The following summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the Junior Subordinated Indenture, a form of which is filed as an exhibit to the Registration Statement of which this Prospectus forms a part. Whenever particular provisions or defined terms in the Junior Subordinated Indenture are referred to herein or in a Prospectus Supplement, it is intended that such provisions or defined terms are incorporated by reference herein or therein, as the case may be.

GENERAL

The Junior Subordinated Debentures will be unsecured, subordinated obligations of American General as hereinafter described. The Junior Subordinated Indenture does not limit the aggregate principal amount of Junior Subordinated Debentures which may be issued thereunder and provides that the Junior Subordinated Debentures may be issued thereunder from time to time in one or more series pursuant to an indenture supplemental to the Junior Subordinated Indenture or a resolution of American General's Board of Directors or in a manner specified in or authorized by a Board resolution (each, a "Supplemental Junior Subordinated Indenture"). The aggregate principal amount of Junior Subordinated Debentures relating to the Preferred Securities of any series will be set forth in the Prospectus Supplement for such series of Preferred Securities and will be equal to 99% of the sum of the aggregate liquidation preference of the Preferred Securities for such series and the purchase price paid by American General and its subsidiaries for Common Securities of the applicable American General LLC, and any related capital contributions made, in connection with the issuance of such series of Preferred Securities.

Reference is made to the Prospectus Supplement relating to the particular series of Preferred Securities being offered thereby for the specific terms of the series of Junior Subordinated Debentures relating to such series of Preferred Securities, including: (i) the specific title of such Junior Subordinated Debentures; (ii) any limit on the aggregate principal amount of such Junior Subordinated Debentures; (iii) the date or dates on which the principal of such Junior Subordinated Debentures is payable and the terms, if any, on which American General may reborrow the proceeds of such payment or exchange securities for such Junior Subordinated Debentures when a principal payment is due; (iv) the rate or rates at which such Junior Subordinated Debentures will bear interest or the method of determination of such rate or rates; (v) the date or dates from which such interest shall accrue, the interest

payment dates on which such interest will be payable, or the manner of determination of such interest payment dates, the record dates for the determination of holders to whom interest is payable on any such interest payment dates, and the basis on which interest will accrue if other than that of a 360-day year of twelve 30-day months; (vi) the right, if any, of American General to extend the interest payment periods of such Junior Subordinated Debentures, the maximum duration of any such extension or extensions and the additional interest, if any, payable on such Junior Subordinated Debentures if an interest payment period is extended; (vii) the date or dates on which, the period or periods within which, the price or prices at which and the terms and conditions upon which, if any, such Junior Subordinated Debentures may be redeemed, in whole or in part, at the option of American General; (viii) the obligation, if any, of American General to redeem or repay such Junior Subordinated Debentures pursuant to any sinking fund or analogous provisions or at the option of the holder thereof or upon the occurrence of one or more specified events and the date or dates on which, the period or periods within which (or the event or events upon which), the price or prices at which and the terms and conditions upon which, if any, such Junior Subordinated Debentures shall be redeemed or repaid, in whole or part, pursuant to such obligation, and any provisions for the remarketing of such Junior Subordinated Debentures so redeemed or repaid; (ix) the terms and conditions, if any, upon which such Junior Subordinated Debentures may be converted into shares of American General Common Stock or exchanged for shares of a series of American General Preferred Stock, including the conversion or exchange price and the circumstances under which any such conversion or exchange right shall expire; (x) the form of such Junior Subordinated Debentures, including whether such Junior Subordinated Debentures are issuable as a global security, and in such case, the identity of the depositary; (xi) the denominations in which such Junior Subordinated Debentures shall be issuable if other than denominations of \$25 and any integral multiple thereof; (xii) any modifications to the Events of Default or covenants of the Company with respect to such series of Junior Subordinated Debentures and any change in rights to declare the principal of such series of Junior Subordinated Debentures to be immediately due and payable; (xiii) the terms and conditions, if any, under which the Junior Subordinated Indenture may be defeased with respect to such Junior Subordinated Debentures; (xiv) whether and under what circumstances additional amounts on such Junior Subordinated Debentures shall be payable, and, if so, whether American General has the option to redeem such Junior Subordinated Debentures rather than pay such additional amounts; (xv) any restrictions on the transferability of such Junior Subordinated Debentures; and (xvi) any other terms of such Junior Subordinated Debentures. (Section 301)

The Junior Subordinated Indenture does not contain any provisions that limit American General's ability to incur indebtedness or impose liens on its assets or that afford holders of Junior Subordinated Debentures protection in the event of a highly leveraged or similar transaction involving American General.

SUBORDINATION

The Junior Subordinated Indenture provides that the Junior Subordinated Debentures are subordinate and junior in right of payment to all Senior Indebtedness (as defined below) of American General in the manner described below. (Article Thirteen)

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Upon any payment or distribution of assets of American General to creditors upon any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors, marshalling of assets or liabilities or any bankruptcy, insolvency or similar proceedings of American General, the holders of Senior Indebtedness will be entitled to receive payment in full in cash of all amounts due on or to become due on or in respect of all Senior Indebtedness (including any interest accruing thereon after commencement of such proceedings), before the holders of the Junior Subordinated Debentures will be entitled to receive any payment (other than payment in shares of stock or other subordinated securities or payments from funds previously deposited in trust to defease one or more series of Junior Subordinated Debentures under the Junior Subordinated Indenture) on account of the principal of, premium, if any, or interest on the Junior Subordinated Debentures or on account of any purchase, redemption or other acquisition of the Junior Subordinated Debentures by American General. (Section 1302)

The holders of the Junior Subordinated Debentures of each series will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of Senior Indebtedness out of the distributive share of such series of Junior Subordinated Debentures. (Section 1305)

American General may not make any payments in respect of the Junior

Subordinated Debentures or on account of the purchase, redemption or other acquisition of the Junior Subordinated Debentures (other than payment in shares of stock or other subordinated securities or payments from funds previously deposited in trust to defease one or more series of Junior Subordinated Debentures under the Junior Subordinated Indenture), if there has occurred and is continuing a default in the payment of the principal of (or premium, if any) or interest on any Senior Indebtedness (a "Senior Payment Default"). In addition, if any event of default (other than a Senior Payment Default), or any event which after notice or lapse of time (or both) would become an event of default, with respect to Senior Indebtedness, permitting the holders thereof (or a trustee or agent on behalf of the holders thereof) to accelerate the maturity thereof has occurred and is continuing (a "Senior Nonmonetary Default"), and American General or the Junior Subordinated Trustee have received written notice thereof from a holder of such Senior Indebtedness or a trustee on behalf of a holder of such Senior Indebtedness, then American General may not make any payments in respect of the Junior Subordinated Debentures or on account of the purchase, redemption or other acquisition of the Junior Subordinated Debentures (other than payment in shares of stock or other subordinated securities or payments from funds previously deposited in trust to defease one or more series of Junior Subordinated Debentures under the Junior Subordinated Indenture), for a period (a "blockage period") commencing on the date American General or the Junior Subordinated Trustee receive such written notice and ending on the earlier of (i) 179 days after such date and (ii) the date, if any, on which the Senior Indebtedness to which such default relates is discharged or such default is waived in writing or otherwise cured or ceases to exist and any acceleration of Senior Indebtedness to which such Senior Nonmonetary Default relates is rescinded or annulled.

In any event, not more than one blockage period may be commenced during any period of 360 consecutive days, and there must be a period of at least 181 consecutive days in each period of 360 consecutive days when no blockage period is in effect. Following the commencement of a blockage period, the holders of Senior Indebtedness will be precluded from commencing a subsequent blockage period until the conditions set forth in the preceding sentence are satisfied. No Senior Nonmonetary Default that existed or was continuing on the date of commencement of any blockage period with respect to the Senior Indebtedness initiating such blockage period will be, or can be, made the basis for the commencement of a subsequent blockage period, unless such default has been cured for a period of not less than 90 consecutive days. (Section 1303)

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The term "Senior Indebtedness" shall mean the principal of, and any premium and interest on, and any other payment due pursuant to, any of the following, whether outstanding at the date of execution of the Junior Subordinated Indenture or thereafter incurred, created or assumed:

(a) all obligations of American General for money borrowed;

(b) all obligations of American General evidenced by notes, debentures, bonds or other securities, including, without limitation, American General's 13 1/2% Restricted Subordinated Notes Due 2002 and any obligations incurred, created or assumed in connection with the acquisition of property, assets or businesses;

(c) all Capitalized Lease Obligations of American General;

(d) all reimbursement obligations of American General with respect to letters of credit, bankers acceptances or similar facilities issued for the account of American General;

(e) all obligations of American General issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business);

(f) all payment obligations of American General under any interest rate, currency or commodity swap agreement, option agreement, hedge agreement, forward contract, or similar agreement designed to protect American General or another person against fluctuations in interest rates, exchange rates or commodity prices;

(g) all obligations of the type referred to in clauses (a) through (f) above of another person and all dividends of another person, the payment of which, in either case, American General has assumed or guaranteed, or for which American General is responsible or liable, directly or indirectly,

jointly or severally, as obligor, guarantor or otherwise; and

(h) all amendments, modifications, renewals, extensions, refinancings, replacements and refundings by American General of any such indebtedness referred to in clauses (a) through (g) above (and of any such amended, modified, renewed, extended, refinanced, replaced or refunded indebtedness or obligations);

other than (i) any indebtedness, renewal, extension, refunding, assumption, guarantee or other obligation which provides, or in the instrument creating or evidencing the same or the assumption or guarantee of the same it is expressly provided, that such indebtedness, renewal, extension, refunding, assumption, guarantee or other obligation is junior in right of payment to or is pari passu with the Junior Subordinated Debentures; and (ii) each Guarantee. Such Senior Indebtedness shall continue to be Senior Indebtedness and entitled to the benefits of the subordination provisions irrespective of any amendment, modification or waiver of any term of such Senior Indebtedness.

By reason of such subordination, in the event of an insolvency, creditors of American General who are holders of Senior Indebtedness, as well as certain general creditors of American General, may recover more, ratably, than the holders of the Junior Subordinated Debentures. Additionally, American General currently conducts substantially all of its operations through subsidiaries, and the holders of Junior Subordinated Debentures will be structurally subordinated to the creditors of American General's subsidiaries. See "American General."

The Junior Subordinated Indenture does not limit the aggregate amount of Senior Indebtedness which may be issued. As of March 31, 1995, Senior Indebtedness of American General aggregated approximately \$2.8 billion.

CERTAIN COVENANTS OF AMERICAN GENERAL

In the Junior Subordinated Indenture, American General will covenant for the benefit of the holders of each series of Junior Subordinated Debentures that American General shall not declare or pay any dividend on, and American General shall not, and American General shall not permit any

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of its majority-owned subsidiaries to, redeem, purchase, acquire or make a liquidation payment with respect to, any of American General's capital stock (other than (i) acquisitions of shares of American General Common Stock in connection with the satisfaction by American General or any of its majority-owned subsidiaries of its obligations under any employee benefit plans or the satisfaction by American General of its obligations pursuant to any put contract requiring American General to purchase shares of American General Common Stock, (ii) as a result of a reclassification of capital stock or the exchange or conversion of one class or series of capital stock for another class or series of capital stock, (iii) redemptions of any share purchase rights issued by American General pursuant to the Rights Agreement (see "Description of American General Common Stock -- Preferred Share Purchase Rights") or the declaration and payment of a dividend of similar share purchase rights in the future, or (iv) the purchase of fractional interests in shares of capital stock pursuant to conversion or exchange provisions of such capital stock or the security being converted or exchanged) or make any guarantee payments with respect to the foregoing, if at such time American General has exercised its option to extend the interest payment period on such series of Junior Subordinated Debentures and such extension is continuing, American General is in default with respect to its payment or other obligations under the Guarantee with respect to any outstanding series of Preferred Securities related to such series of Junior Subordinated Debentures or there has occurred and is continuing any Event of Default under the Junior Subordinated Indenture with respect to such series of Junior Subordinated Debentures. American General is required to take all actions necessary to ensure the compliance of its majority-owned subsidiaries with the above covenant. (Section 1006)

In the Junior Subordinated Indenture, American General also will covenant for the benefit of the holders of each series of Junior Subordinated Debentures that, so long as the related series of Preferred Securities remains outstanding, it will (a) not cause or permit any Common Securities to be transferred (other than in connection with a merger or consolidation of the holder of the Common Securities permitted under the Junior Subordinated Indenture or the applicable LLC Agreement), (b) maintain direct or indirect ownership of all outstanding Common Securities and other limited liability company interests in the applicable American General LLC other than any series of Preferred Securities (except as permitted in the applicable LLC Agreement), (c) cause at least 21% of

all interests in the capital, income, gain, loss, deduction and credit of such American General LLC to be represented by Common Securities, (d) not voluntarily liquidate, dissolve or wind-up itself (other than in connection with a merger or consolidation permitted under the Junior Subordinated Indenture), or permit the Manager (other than in connection with a merger or consolidation permitted under the Junior Subordinated Indenture or the applicable LLC Agreement) or such American General LLC (other than in connection with or after an exchange of all outstanding series of Preferred Securities of such American General LLC for the related series of Junior Subordinated Debentures, if so provided in the applicable Declaration), to liquidate, dissolve or wind-up, (e) except as may be otherwise permitted by the applicable LLC Agreement, cause American General Delaware Management Corporation to remain the Manager and to timely perform all of its duties as Manager of such American General LLC (including the duty to cause such American General LLC to declare and pay dividends on such Preferred Securities to the extent set forth in the applicable LLC Agreement and Declaration), unless a permitted successor Manager is appointed pursuant to the applicable LLC Agreement and (f) if so provided in the Prospectus Supplement pertaining to such Preferred Securities, to deliver American General Preferred Stock or American General Common Stock, as the case may be, upon an election by the holders of such Preferred Securities to exchange or convert such series of Junior Subordinated Debentures. (Section 1007)

Compliance by the Company with any of the covenants described above can be waived by the holders of a majority of the aggregate principal amount of the related series of Junior Subordinated Debentures then outstanding and, so long as the Preferred Securities of the related series are outstanding, the consent or approval of at least 66 2/3% of the aggregate liquidation preference of the Preferred Securities of such series. (Section 1009)

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FORM, EXCHANGE, REGISTRATION AND TRANSFER

Junior Subordinated Debentures of each series will be issued in registered form and in either certificated form or will be represented by one or more global securities. If any Junior Subordinated Debentures of a series are represented by one or more global securities, the applicable Prospectus Supplement will describe the circumstances, if any, under which beneficial owners of interests in any such global securities may exchange such interests for Junior Subordinated Debentures of such series in certificated form and of like tenor and principal amount in any authorized denomination. Principal of and any premium and interest on a global security will be payable in the manner described in the Prospectus Supplement.

If not represented by one or more global securities, Junior Subordinated Debentures may be presented for registration of transfer (with the form of transfer endorsed thereon duly executed) or exchange, at the office of the Debenture Registrar or at the office of any transfer agent designated by American General for such purpose with respect to any series of Junior Subordinated Debentures and referred to in the applicable Prospectus Supplement, without service charge and upon payment of any taxes and other governmental charges as described in the Junior Subordinated Indenture. Such transfer or exchange will be effected upon the Debenture Registrar or such transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request and subject to such reasonable regulations as American General may prescribe. American General has appointed the Junior Subordinated Trustee as Debenture Registrar with respect to the Junior Subordinated Debentures. If a Prospectus Supplement refers to any transfer agents (in addition to the Debenture Registrar) initially designated by American General with respect to any series of Junior Subordinated Debentures, American General may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that American General will be required to maintain a transfer agent in each Place of Payment for such series. American General may at any time designate additional transfer agents with respect to any series of Junior Subordinated Debentures. (Sections 305 and 1002)

In the event of any redemption of a series of Junior Subordinated Debentures in part, American General shall not be required to (i) issue, register the transfer of or exchange Junior Subordinated Debentures of any series during a period beginning at the opening of business 15 days before any selection for redemption of such Junior Subordinated Debentures of like tenor and of the same series and ending at the close of business on the day of the mailing of the relevant notice of redemption or (ii) register the transfer of or exchange any such Junior Subordinated Debentures so selected for redemption, in whole or in part, except the unredeemed portion of any such Junior Subordinated Debentures being redeemed in part. Similarly, if a Junior Subordinated Debenture is subject to repayment at the option of the holder, American General shall not be required to register the transfer or exchange of any Junior Subordinated Debenture so surrendered for repayment. (Section 305)

Unless otherwise indicated in an applicable Prospectus Supplement, payment of principal of and premium (if any) on any series of Junior Subordinated Debentures will be made only against surrender to the Paying Agent of such Junior Subordinated Debentures. Unless otherwise indicated in the applicable Prospectus Supplement, principal of and any premium, if any, and interest on Junior Subordinated Debentures will be payable, subject to any applicable laws and regulations, at the office of such Paying Agent or Paying Agents as American General may designate from time to time, except that at the option of American General payment of any interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Debenture Register with respect to such Junior Subordinated Debentures or by wire transfer to an account maintained at a bank located in the United States or by any other means described in the Prospectus Supplement. Unless otherwise indicated in the applicable Prospectus Supplement, payment of

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interest on a Junior Subordinated Debenture on any interest payment date will be made to the person in whose name such Junior Subordinated Debenture (or Predecessor Security) is registered at the close of business on the record date for such interest payment. (Section 307)

Unless otherwise specified in the applicable Prospectus Supplement, the Junior Subordinated Trustee will act as Paying Agent with respect to the Junior Subordinated Debentures. American General may at any time designate additional Paying Agents or rescind the designation of any Paying Agents or approve a change in the office through which any Paying Agent acts, except that American General will be required to maintain a Paying Agent in each Place of Payment for each series of Junior Subordinated Debentures. (Section 1002)

All monies paid by American General to a Paying Agent for the payment of the principal of or any premium or interest on any Junior Subordinated Debenture of any series which remain unclaimed at the end of two years after such principal, premium or interest shall have become due and payable will be repaid to American General and the holder of such Junior Subordinated Debenture will thereafter look only to American General for payment thereof. (Section 1003)

MODIFICATION OF THE JUNIOR SUBORDINATED INDENTURE

The Junior Subordinated Indenture may be amended by American General and the Junior Subordinated Trustee, with the consent of the holders of a majority in aggregate principal amount of the Junior Subordinated Debentures of each series affected thereby, to modify the Junior Subordinated Indenture or any Supplemental Junior Subordinated Indenture affecting that series or the rights of the holders of that series of Junior Subordinated Debentures; provided, that no such modification or amendment may, without the consent of the holder of each outstanding Junior Subordinated Debenture affected thereby, (a) change the maturity of the principal of, or any installment of the principal of or interest on, any Junior Subordinated Debenture or change any obligation of American General to pay certain Additional Amounts described in a Prospectus Supplement, (b) reduce the principal amount of, or any premium payable upon the redemption of or the rate or amount of interest on, any Junior Subordinated Debenture, (c) change the place (except as otherwise permitted when additional paying agents are selected or removed) or currency of payment of principal of, or any premium or interest on, any Junior Subordinated Debenture, (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Junior Subordinated Debenture or for the conversion or exchange of any Junior Subordinated Debenture in accordance with its terms, (e) adversely affect any right to convert or exchange any Junior Subordinated Debenture, (f) modify the subordination provisions in a manner adverse to the holder of any Junior Subordinated Debenture, (g) reduce the above-stated percentage of outstanding Junior Subordinated Debentures of a series necessary to modify or amend the Junior Subordinated Indenture with respect to such series of Junior Subordinated Debentures or (h) reduce the percentage of aggregate principal amount of outstanding Junior Subordinated Debentures of a series necessary for waiver of compliance with certain provisions of the Junior Subordinated Indenture applicable to such series of Junior Subordinated Debentures or for waiver of certain defaults with respect to such series of Junior Subordinated Debentures or reduce certain requirements relating to quorums and voting at meetings. (Section 902)

So long as an American General LLC holds the Junior Subordinated Debentures of any series, it may not waive compliance with the provisions of the Junior Subordinated Indenture benefiting the related series of Preferred Securities or modify or amend the Junior Subordinated Indenture without the approval of the

same percentage of the aggregate liquidation preference of the holders of Preferred Securities of the related series as would be required if the holders of such Preferred Securities then held such Junior Subordinated Debentures. (Section 903)

In addition, American General and the Junior Subordinated Trustee may execute, without the consent of any holder of Junior Subordinated Debentures, any Supplemental Junior Subordinated Indenture (a) to evidence the succession of another corporation to American General and the

assumption of the covenants of American General; (b) to add to the covenants of American General for the benefit of the holders of all or any series of Junior Subordinated Debentures or to surrender any right or power conferred upon American General; (c) to add any additional Events of Default with respect to all or any series of Junior Subordinated Debentures; (d) to change or eliminate any restrictions on the payment of the principal of or any premium or interest on Junior Subordinated Debentures, to modify the provisions relating to global Junior Subordinated Debentures, or to permit the issuance of Junior Subordinated Debentures in bearer or uncertificated form, provided any such action does not adversely affect the interests of the holders of the Junior Subordinated Debentures of any series in any material respect; (e) to add to, change or eliminate any provision of the Junior Subordinated Indenture, provided that such Supplemental Junior Subordinated Indenture shall become effective only if there is no outstanding Junior Subordinated Debentures of any series then entitled to the benefit of such provision or such amendment does not apply to any then Outstanding Junior Subordinated Debentures; (f) to secure the Junior Subordinated Debentures; (g) to establish the form or terms of the Junior Subordinated Debentures of any series; (h) to provide for the acceptance of appointment by a successor Trustee with respect to the Junior Subordinated Debentures of one or more series and to add to or change any of the provisions as shall be necessary to provide for or facilitate the administration of the trusts under the Junior Subordinated Indenture by more than one Junior Subordinated Trustee; (i) to provide for the discharge of the Junior Subordinated Indenture with respect to the Junior Subordinated Debentures of any series by the deposit of monies or government obligations in trust; (j) to change the conditions, limitations and restrictions on the authorized amount, terms or provisions of issuance, authentication and delivery of the Junior Subordinated Debentures as set forth in the Junior Subordinated Indenture and the Prospectus Supplement relating thereto; (k) to provide for conversion or exchange rights of any series of Junior Subordinated Debentures pursuant to the requirements of the instrument authorizing such series; (l) to limit or terminate the benefit to the holders of Senior Indebtedness of the subordination provisions contained in the Junior Subordinated Indenture; or (m) to cure any ambiguity, defect or inconsistency in the Junior Subordinated Indenture, or to make other provisions with respect to matters or questions arising under the Junior Subordinated Indenture, provided such action does not adversely affect the interests of the holders of the Junior Subordinated Debentures of any series in any material respect. (Section 901)

EVENTS OF DEFAULT

The Junior Subordinated Indenture provides that, unless a Prospectus Supplement relating to a particular series of Junior Subordinated Debentures provides otherwise, any one or more of the following events, which has occurred and is continuing, constitutes an "Event of Default" with respect to any particular series of Junior Subordinated Debentures:

(a) failure to pay any interest (including any Additional Interest (as defined in the Junior Subordinated Indenture)) on the Junior Subordinated Debentures of that series when due and such failure continues for a period of 10 days; provided that (i) a valid extension of the interest payment period by American General shall not constitute a default in the payment of interest for this purpose, and (ii) no such default shall be deemed to exist if, on or prior to the date on which such interest became due, American General shall have made a payment, sufficient to pay such interest pursuant to the Guarantee with respect to the series of Preferred Securities related to such series of Junior Subordinated Debentures; or

(b) failure to pay principal of (or premium, if any, on) the Junior Subordinated Debentures of that series when due, whether at maturity, upon redemption, by declaration of acceleration or otherwise, or to make any sinking fund payment with respect to that series; provided that (i) no such default shall be deemed to exist if, on or prior to the date on which such

principal or premium, if any became due, American General shall have made a payment, sufficient to pay such principal or premium, if any, pursuant to the Guarantee related to such series of Junior Subordinated Debentures and (ii) a valid exchange of a Junior Subordinated Debenture for a

Junior Subordinated Debenture of another series pursuant to the provisions permitting such exchange shall not constitute a default in the payment of the principal of the Junior Subordinated Debenture being exchanged; or

(c) if applicable, failure by American General to deliver shares of the applicable series of American General Preferred Stock or American General Common Stock upon an appropriate election by holders of the related series of Preferred Securities to exchange or convert such Preferred Securities; or

(d) failure by American General to observe or perform in any material respect any other covenant (other than those specifically relating to another series) contained in the Junior Subordinated Indenture or the Junior Subordinated Debentures of that series continued for 90 days after written notice to American General from the Junior Subordinated Trustee or to American General and the Junior Subordinated Trustee from the holders of at least 25% in aggregate outstanding principal amount of the Junior Subordinated Debentures of such series or the holders of at least 25% in aggregate liquidation preference of the Preferred Securities of the series related to such series of Junior Subordinated Debentures; or

(e) the liquidation, dissolution or winding-up of the American General LLC that holds such series of Junior Subordinated Debentures, except in connection with or after the exchange of Preferred Securities for Junior Subordinated Debentures or American General Preferred Stock or in connection with certain mergers or consolidations permitted by the applicable LLC Agreement; or

(f) certain events of bankruptcy, insolvency or reorganization of American General; or

(g) any other Event of Default with respect to such series of Junior Subordinated Debentures described in the applicable Prospectus Supplement.

If an Event of Default under the Junior Subordinated Indenture shall occur and be continuing with respect to a particular series of Junior Subordinated Debentures (other than an Event of Default described in clause (f) above, which shall result in the immediate acceleration of the maturity of such series of Junior Subordinated Debentures), then the Junior Subordinated Trustee or the holders of not less than 25% in aggregate outstanding principal amount of such series of Junior Subordinated Debentures may declare the principal thereof due and payable immediately. The holders of a majority in aggregate outstanding principal amount of such series (with the consent of the holders of at least 66 2/3% of the aggregate liquidation preference of the related series of Preferred Securities if such series is then outstanding), however, may annul such declaration if such Event of Default has been cured and a sum sufficient to pay all matured principal, premium, if any, and interest has been deposited with the Junior Subordinated Trustee. (Section 502)

The holders of a majority in aggregate outstanding principal amount of any series of Junior Subordinated Debentures will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Junior Subordinated Trustee or the exercise of any trust or power conferred on the Junior Subordinated Trustee with respect to the Junior Subordinated Debentures of such series. (Section 512)

The holders of a majority in aggregate outstanding principal amount of the Junior Subordinated Debentures of any series may, on behalf of the holders of all the Junior Subordinated Debentures of such series, waive any past default with respect to such Junior Subordinated Debentures and its consequences, except a default in the payment of principal, premium, if any, or interest. (Section 513) As long as the related series of Preferred Securities is outstanding, such a waiver cannot be granted without the approval of 66 2/3% in aggregate liquidation preference of such series of Preferred Securities. (Section 1007) American General is required to file annually with the Junior Subordinated Trustee a certificate as to whether or not American General is in compliance

No holder of a Junior Subordinated Debenture of any series may institute any proceeding against American General under the Junior Subordinated Indenture (except actions for payment of overdue principal of, or premium, if any, or interest on, such Junior Subordinated Debenture or for the conversion of exchange of any Junior Subordinated Debenture in accordance with its terms) unless the holders of not less than 25% in aggregate principal amount of the Junior Subordinated Debentures of that series then outstanding shall have requested the Junior Subordinated Trustee to institute such proceeding and offered to the Junior Subordinated Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request and the Junior Subordinated Trustee shall not have instituted such proceeding within 60 calendar days of such request. (Sections 507 and 508)

To the extent described in the applicable Prospectus Supplement, upon the occurrence and continuance of an Event of Default with respect to a series of Junior Subordinated Debentures, the holders of the related series of Preferred Securities will have the right to appoint a Special Trustee to exercise certain of the rights the applicable American General LLC has as holder of such series of Junior Subordinated Debentures. (Section 516)

CONSOLIDATION, MERGER AND SALE

American General, without the consent of the holder or holders of any Junior Subordinated Debentures, may consolidate with or merge with or into, or, if no Preferred Securities are then outstanding, convey, transfer or lease its assets as an entirety or substantially as an entirety to, any corporation, partnership, trust or other entity organized and validly existing under the laws of the United States of America or a state thereof, provided that, in the case of a merger, American General survives the merger or, in the case of a merger in which American General is not the survivor and in the case of a consolidation or conveyance, transfer or lease of assets, the successor assumes American General's obligations under the Junior Subordinated Debentures, the Junior Subordinated Indenture and the Guarantees and, in each case, that, after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing. (Section 801)

DEFEASANCE AND DISCHARGE

American General may discharge its indebtedness and its obligations under the Junior Subordinated Indenture with respect to a series of Junior Subordinated Debentures by depositing funds or obligations issued or guaranteed by the United States of America if certain conditions are satisfied. Such conditions include a condition that such funds or government obligations be sufficient to pay and discharge the indebtedness evidenced by the Junior Subordinated Debentures of such series and that all Junior Subordinated Debentures of such series issued under the Junior Subordinated Indenture either shall have been delivered to the Junior Subordinated Trustee for cancellation or shall be due, or will be called for redemption, within one year. If American General has any other right to defease the Junior Subordinated Indenture with respect to a particular series of Junior Subordinated Debentures by depositing with the Junior Subordinated Trustee, in trust, monies or government obligations in an amount sufficient to pay, when due, the principal of, premium, if any, and interest on the Junior Subordinated Debentures of that series, then the applicable Prospectus Supplement with respect to the Preferred Securities relating to that series of Junior Subordinated Debentures will describe such provisions. (Article Four)

MEETINGS

The Junior Subordinated Indenture contains provisions for convening meetings of the holders of a series of Junior Subordinated Debentures which would apply if the applicable Prospectus Supplement provides that the Junior Subordinated Trustee shall call a meeting of such holders. A meeting may be called by the Junior Subordinated Trustee for the purposes specified in such Prospectus Supplement, and, upon the conditions described in such Prospectus Supplement, by

American General or the holders of at least 10% in aggregate principal amount of the outstanding Junior Subordinated Debentures of such series. Except for any consent which, under the Junior Subordinated Indenture, must be given by the holder of each outstanding Junior Subordinated Debenture affected thereby and any particular instance in which less than a majority vote is required, any resolution presented at a meeting or adjourned meeting at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Junior Subordinated Debentures of that series. Any resolution passed or decision taken at any meeting of holders of Junior Subordinated Debentures of any series duly held in accordance with the Junior Subordinated Indenture will be binding on all holders of Junior Subordinated Debentures of that series. The quorum at any meeting, and at any reconvened meeting, will be persons holding or representing a majority in aggregate principal amount of the outstanding Junior Subordinated Debentures of a series, unless a higher vote requirement is specified in the applicable Prospectus Supplement. (Article Fourteen)

GOVERNING LAW

The Junior Subordinated Indenture and the Junior Subordinated Debentures will be governed by, and construed in accordance with, the laws of the State of New York. (Section 112)

INFORMATION CONCERNING THE JUNIOR SUBORDINATED TRUSTEE

The Junior Subordinated Trustee, prior to default, undertakes to perform only such duties as are specifically set forth in the Junior Subordinated Indenture and, after default, is required to exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Subject to such provision, the Junior Subordinated Trustee is under no obligation to exercise any of the powers vested in it by the Junior Subordinated Indenture at the request of any holder of Junior Subordinated Debentures, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby. The Junior Subordinated Trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the Junior Subordinated Trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it. The Junior Subordinated Indenture contains other provisions limiting the responsibilities and liabilities of the Junior Subordinated Trustee. The Junior Subordinated Trustee does not have any fiduciary duty to the holders of the Preferred Securities. (Article Six)

American General may appoint a separate trustee for any series of Junior Subordinated Debentures.

American General and certain of its affiliates from time to time borrow money from, and maintain deposit accounts and conduct certain banking transactions with, the Junior Subordinated Trustee in the ordinary course of their business. The Junior Subordinated Trustee and one of its affiliates also serve as trustees under other indentures maintained by American General.

MISCELLANEOUS

American General will have the right at all times to assign any of its rights or obligations under the Junior Subordinated Indenture to a direct or indirect wholly-owned subsidiary of American General; provided, that, in the event of any such assignment, American General will remain liable for all such obligations. The Junior Subordinated Indenture may also be assigned in connection with the merger, consolidation or transfer of all or substantially all of the assets of American General, but is not otherwise assignable. Subject to the foregoing, the Junior Subordinated Indenture will be binding upon and inure to the benefit of the parties thereto and their respective successors and assigns. The subordination provisions of the Junior Subordinated Indenture are also for the benefit of the holders of Senior Indebtedness. A holder of a series of Preferred Securities shall not have the right, as such a holder, to enforce any provision of the Junior Subordinated Indenture except for the

covenants described above under the caption "-- Certain Covenants of American General" and certain provisions of the Junior Subordinated Indenture requiring the approval of the holders of a specified percentage of Preferred Securities in certain events.

DESCRIPTION OF AMERICAN GENERAL PREFERRED STOCK

If so indicated in a Prospectus Supplement relating to a particular series

of Preferred Securities, such series may, in certain events, be exchangeable for shares of a series of American General Preferred Stock. The following sets forth certain general terms and provisions of the American General Preferred Stock. Certain other terms of any series of American General Preferred Stock that may be issued upon exchange of a series of Preferred Securities offered by a Prospectus Supplement will be specified in such Prospectus Supplement. If so specified in the applicable Prospectus Supplement, the terms of any series of American General Preferred Stock may differ from the terms set forth below. The description of the terms of the American General Preferred Stock set forth below and in an applicable Prospectus Supplement does not purport to be complete and is subject to and qualified in its entirety by reference to the Statement of Resolution Establishing Series of Shares relating to the applicable series of American General Preferred Stock, which will be filed as an exhibit to, or incorporated by reference in, the Registration Statement of which this Prospectus forms a part.

GENERAL

Pursuant to the Restated Articles of Incorporation of American General, as amended (the "Articles"), the Bylaws of American General, and applicable Texas law, the Board of Directors of American General, or an authorized committee thereof, has the authority, without further shareholder action, to issue up to 60,000,000 shares of American General Preferred Stock, par value \$1.50 per share, in one or more series and in such amounts and for such consideration, as may be determined from time to time by resolution of the Board of Directors of American General, or an authorized committee thereof, and to fix before the issuance of any shares of American General Preferred Stock of a particular series, the number of shares constituting that series and the distinctive designation of that series; the dividend rate (or method of determining the same); the voting rights; conversion privileges; redemption rights; repurchase obligations; sinking fund availability; rights upon liquidation, dissolution or winding up and the priority thereof; restrictions upon American General with respect to the creation of debt or the issuance of additional Preferred Stock or other stock ranking prior to or on a parity therewith with respect to dividends or upon liquidation; restrictions on American General with respect to the issuance of, payment of dividends upon, or the making of other distributions with respect to, or the acquisition or redemption of, shares ranking junior to the American General Preferred Stock; the priority of each series of American General Preferred Stock in relation to other series of American General Preferred Stock; and any other designations, powers, preferences and rights, including, without limitation, any qualifications, limitations or restrictions thereof. The holders of any series of American General Preferred Stock shall not have any preemptive rights to acquire any shares or securities of any class which may at any time be issued, sold or offered for sale by American General.

As of May , 1995, American General had no Preferred Stock outstanding. As of such date, the Company did have Preferred Share Purchase Rights outstanding. A description of these rights is provided under "Description of American General Common Stock -- Preferred Share Purchase Rights."

DIVIDENDS

The holders of American General Preferred Stock of each series will be entitled to receive, when, as and if declared by the Board of Directors of American General, out of funds legally available therefor, dividends at such rates and on such dates as shall be specified in the applicable

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Prospectus Supplement. Such rates may be fixed or variable or both. If variable, the formula used for determining the dividend rate for each dividend period will be specified in the applicable Prospectus Supplement. Dividends will be payable to the holders of record as they appear on the stock books of American General on such record dates as shall be fixed by the Board of Directors of American General.

Unless otherwise indicated in an applicable Prospectus Supplement, all series of American General Preferred Stock are senior in right as to dividends and in liquidation to the American General Common Stock and any other class of stock of American General ranking junior to the American General Preferred Stock.

VOTING RIGHTS

Except as indicated in the applicable Prospectus Supplement or as expressly required by applicable law, the holders of American General Preferred Stock will not be entitled to vote. In the event American General issues a series of American General Preferred Stock with voting rights, unless otherwise specified in the applicable Prospectus Supplement, each such share will be entitled to one vote on matters on which holders of such series of the American General Preferred Stock are entitled to vote. Since each full share of any series of

American General Preferred Stock shall be entitled to one vote, the voting power of such series, on matters on which holders of such series and holders of other series of American General Preferred Stock are entitled to vote as a single class, shall depend on the number of shares in such series, not the aggregate stated value, liquidation preference or initial offering price of the shares of such series of American General Preferred Stock.

CONVERSION AND EXCHANGE

The applicable Prospectus Supplement will set forth the conditions or terms, if any, upon which the series of American General Preferred Stock described in such Prospectus Supplement will be convertible or exchangeable, and the terms of the securities into which such series will be convertible or exchangeable.

REDEMPTION RIGHTS

A series of American General Preferred Stock may be redeemable, in whole or in part, at the option of American General or any holder thereof, and may be subject to mandatory redemption pursuant to a sinking fund or otherwise, in each case upon terms, at the times and at the redemption prices specified in the applicable Prospectus Supplement and subject to the rights of holders of other securities of American General. American General Preferred Stock redeemed by American General will be restored to the status of authorized but unissued shares of Preferred Stock, without series designation.

If less than all outstanding shares of a series are to be redeemed, the shares to be redeemed will be selected ratably or by lot in such manner as may be prescribed by resolution of the Board of Directors of American General. The notice of redemption will set forth the designation of the series or part of the series of shares to be redeemed, the date fixed for redemption, the redemption price, the place at which the shareholders may obtain payment of the redemption price upon surrender of their respective share certificates and a statement with respect to the existence of any right of conversion with respect to the shares to be redeemed and the period within which such right may be exercised. Such notice will be given to each holder of shares being called, either personally or by mail, not less than 20 nor more than 60 days before the date fixed for redemption. If mailed, such notice will be deemed to be delivered when deposited in the United States mail addressed to the shareholder at such shareholder's address as it appears on the stock transfer book of American General, with postage thereon prepaid.

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American General may, on or prior to the date fixed for redemption of a series of American General Preferred Stock, deposit with any bank or trust company in Texas, or any bank or trust company in the United States duly appointed and acting as transfer agent for American General, as a trust fund, a sum sufficient to redeem shares called for redemption, with irrevocable instructions and authority to such bank or trust company to give or complete the notice of redemption thereof and to pay, on or after the date fixed for such redemption, to the respective holders of shares, as evidenced by a list of holders of such shares certified by an officer of American General, the redemption price upon surrender of their respective share certificates. From and after the date fixed for redemption, such shares shall be deemed to be redeemed and dividends thereon shall cease to accrue. Such deposit will be deemed to constitute full payment of such shares to their holders. From and after the date such deposit is made and such instructions are given, such shares shall no longer be deemed to be outstanding, and the holders thereof shall cease to be shareholders with respect to such shares, and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price of such shares, without interest (and, in the case of holders of certificated shares, upon the surrender of their respective certificates therefor), and any right to convert such shares which may exist. In case the holders of such shares shall not, within six years after such deposit, claim the amount deposited for redemption thereof, such bank or trust company shall upon demand pay over to American General the balance of such amount so deposited to be held in trust and such bank or trust company shall thereupon be relieved of all responsibility to the holders thereof.

REPURCHASE OBLIGATION

The applicable Prospectus Supplement will state the conditions and terms, if any, upon which the series of American General Preferred Stock described in the Prospectus Supplement shall be subject to repurchase by American General.

RIGHTS UPON LIQUIDATION

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of American General, the holders of each series of American General Preferred Stock shall be entitled to receive out of the assets of American General available for distribution to shareholders, before any distribution of assets is made to holders of American General Common Stock or

any other class or series of shares ranking junior to such American General Preferred Stock upon liquidation, dissolution or winding-up, a liquidating distribution in the amount per share as set forth in the applicable Prospectus Supplement plus accrued and unpaid dividends. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of American General, the amounts payable with respect to American General Preferred Stock of any series and any other shares of American General ranking as to any such distribution on a parity with such American General Preferred Stock of such series are not paid in full, the holders of such American General Preferred Stock of such series and of such other shares will share ratably in any such distribution of assets of American General in proportion to the full respective preferential amounts to which they are entitled. Neither the sale of all or substantially all of the property or business of American General nor the merger or consolidation of American General into or with any other corporation shall be deemed to be a liquidation, dissolution or winding-up, voluntary or involuntary, of American General. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of American General Preferred Stock of any series will not be entitled to any further participation in any distribution of assets by American General.

CONDITIONS AND RESTRICTIONS UPON AMERICAN GENERAL

The applicable Prospectus Supplement will describe any conditions or restrictions upon American General which are for the benefit of the series of American General Preferred Stock described in the Prospectus Supplement, including any restrictions upon the creation of debt or other series of American General Preferred Stock, the payment of dividends, or the distribution, acquisition or redemption of shares ranking junior to such series.

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DESCRIPTION OF AMERICAN GENERAL COMMON STOCK

GENERAL

American General is authorized to issue 300,000,000 shares of American General Common Stock, par value \$.50 per share. As of March 31, 1995, there were outstanding 204,820,775 shares of American General Common Stock.

Holders of American General Common Stock are entitled to receive dividends when, as and if declared by the Board of Directors of American General out of any funds legally available therefor, and are entitled upon liquidation, after claims of creditors and preferences of any series of American General Preferred Stock, to receive pro rata the net assets of American General.

The holders of American General Common Stock are entitled to one vote for each share held. Directors of American General are elected for a one-year term expiring upon the annual meeting of stockholders of American General. The holders of American General Common Stock do not have cumulative voting rights.

The holders of American General Common Stock do not have any preemptive rights to acquire any shares or other securities of any class which may at any time be issued, sold or offered for sale by American General. The holders of American General Common Stock have no conversion rights and the American General Common Stock is not subject to redemption by either American General or a stockholder.

The American General Common Stock is listed on the New York, Pacific, London and Swiss Stock Exchanges. First Chicago Trust Company of New York is the transfer agent, registrar and dividend disbursing agent for the American General Common Stock.

PREFERRED SHARE PURCHASE RIGHTS

On July 27, 1989, the Board of Directors of American General authorized the issuance of one preferred share purchase right (a "Right") for each share of American General Common Stock outstanding on August 7, 1989 and for each share of American General Common Stock issued thereafter but prior to the earlier of the Distribution Date and the Termination Date (as each such term is defined below). A Right is attached to each share of American General Common Stock and entitles the registered holder to purchase from American General one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value \$1.50 per share, of American General (the "American General Junior Preferred Shares") at a price of \$120 per one one-hundredth of an American General Junior Preferred Share, subject to certain adjustments.

The Rights will expire on August 7, 1999, unless the expiration date is extended or the Rights are redeemed earlier (any such date being the "Termination Date"). The Rights are not exercisable or transferable separately from the shares of Common Stock until the "Distribution Date" which will occur on the earlier of (i) 10 business days following the first public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the outstanding American General Common Stock and any other shares of capital stock of American

General entitled to vote generally in the election of directors or entitled to vote in respect of any merger, consolidation, sale of all or substantially all of American General's assets, liquidation, dissolution or winding up of American General (the "Voting Stock") or (ii) 10 business days following the commencement of, or the first public announcement of an intention to commence, a tender or exchange offer the consummation of which would result in the beneficial ownership by a person or group of affiliated or associated persons of 25% or more of the then outstanding Voting Stock.

In the event American General is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earnings power should be sold or otherwise transferred, each holder of a Right will have the right to receive, upon payment of the Right's then current exercise price, common stock of the acquiring company which has a market value of two times the exercise price of the Right. In the event that any person becomes an

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Acquiring Person, each holder of a Right will thereafter have the right to receive upon exercise thereof that number of shares of American General Common Stock (or under certain circumstances, Common Stock-equivalent American General Junior Preferred Shares) having a market value of two times the exercise price of the Rights.

At any time 10 business days after a person or group of affiliated or associated persons has become an Acquiring Person and prior to the acquisition by any person or group of 50% or more of the outstanding Voting Stock, the Board of Directors of American General may exchange the Rights (other than Rights acquired or beneficially owned by such Acquiring Person, which Rights held by such Acquiring Person shall then be null and void), in whole or in part, at an exchange ratio of one share of Common Stock (or one one-hundredth of a share of American General Junior Preferred Stock), appropriately adjusted to reflect any stock split, stock dividend or similar transaction, for each two shares of Common Stock for which the Right is then exercisable.

At any time prior to the close of business on the tenth day following the first public announcement that a person or group of affiliated or associated persons has become an Acquiring Person, the Board of Directors of American General may redeem the then outstanding Rights in whole, but not in part, at a price of \$.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction (the "Rights Redemption Price"). Any such redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors of American General in its sole discretion may establish.

The purchase price payable, and the number of American General Junior Preferred Shares or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Junior Preferred Shares.

The number of outstanding Rights and the number of one one-hundredths of an American General Junior Preferred Share issuable upon exercise of each Right are also subject to adjustment in the event of reclassification of securities, or recapitalization or reorganization of American General or other transaction involving American General which has the effect, directly or indirectly, of increasing by more than one percent the proportionate share of the outstanding shares of any class of equity securities of American General or any of its subsidiaries beneficially owned by any Acquiring Person, in any such case, prior to an exchange by American General as described above.

The terms of the Rights may be amended, including extending the expiration date, by the Board of Directors of American General without the consent of the holders of the Rights, except in certain circumstances.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire American General on terms not approved by the Board of Directors of American General. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of American General since the Rights may be redeemed by American General at the Rights Redemption Price prior to the time that a person or group has acquired beneficial ownership of 50% or more of the Voting Stock.

The American General Junior Preferred Shares will be non-redeemable and rank junior to all other series of American General Preferred Stock. Each whole Junior Preferred Share will be entitled to receive a quarterly preferential dividend in an amount equal to the greater of (i) \$.25 or (ii) subject to certain adjustments, 100 times the dividend declared on each share of American General Common Stock. In the event of the liquidation, dissolution or winding up of American General, each whole American General Junior Preferred Share will be entitled to receive a preferential liquidation payment in an amount equal to the greater of (i) \$1.50, or (ii) 100 times the aggregate amount to be distributed

per share to holders of American General Common Stock, plus, in either case, an amount equal to all accrued and unpaid dividends thereon. In the event of any merger, consolidation or other transaction in which American General Common Stock is exchanged

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for or changed into other stock or securities, cash or other property, each whole American General Junior Preferred Share will be entitled to receive 100 times the amount received per each share of American General Common Stock. Each whole American General Junior Preferred Share will be entitled to 100 votes on all matters submitted to a vote of the shareholders of American General, and American General Junior Preferred Shares will generally vote together as one class with the American General Common Stock and any other voting capital stock of American General on all matters submitted to a vote of shareholders of American General.

If such registration is then required by applicable law, American General will use its best efforts to cause the offer and sale of American General Junior Preferred Shares issuable upon exercise of the Rights to be registered pursuant to the Securities Act at any such time as the Rights become exercisable.

The foregoing description of the Rights and the American General Junior Preferred Shares does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, as amended, which is an exhibit to the Registration Statement of which this Prospectus forms a part, and the Statement of Resolution Establishing Series of Shares of American General Junior Preferred Shares.

PLAN OF DISTRIBUTION

The American General LLCs may sell Preferred Securities to or through underwriters or dealers; directly to other purchasers; through agents; or through a combination of any such methods of sale. Any such underwriter, dealer or agent involved in the offer and sale of the offered Preferred Securities will be named in an applicable Prospectus Supplement or Prospectus Supplements.

The distribution of the Preferred Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of Preferred Securities, underwriters may receive compensation from American General or the American General LLC issuing the Preferred Securities or from purchasers of Preferred Securities for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell Preferred Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent. Underwriters, dealers and agents that participate in the distribution of Preferred Securities may be deemed to be underwriters, and any discounts or commissions received by them from American General or an American General LLC, and any profit on the resale of Preferred Securities by them may be deemed to be underwriting discounts and commissions, under the Securities Act. Any compensation paid by American General or an American General LLC to underwriters, dealers or agents in connection with the offering of the Preferred Securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be described in an applicable Prospectus Supplement.

Under agreements which may be entered into by American General and an American General LLC, underwriters, dealers and agents who participate in the distribution of Preferred Securities may be entitled to indemnification by American General or such American General LLC against, and/or contribution by American General or such American General LLC toward, certain liabilities, including liabilities under the Securities Act, and to reimbursement for certain expenses.

Certain of the underwriters, dealers or agents and their associates may be customers of, engage in transactions with and perform services for American General or one or more of its affiliates in the ordinary course of business.

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The specific terms and manner of sale, including the place and time of delivery, of the Preferred Securities in respect of which this Prospectus is being delivered will be set forth or summarized in the applicable Prospectus Supplement.

LEGAL OPINIONS

Unless otherwise indicated in a Prospectus Supplement, the validity of each series of Preferred Securities, the related Guarantee and the related series of Junior Subordinated Debentures, as well as the validity of any American General Common Stock and American General Preferred Stock issuable upon conversion or exchange of such Junior Subordinated Debentures, will be passed upon for American General by Vinson & Elkins L.L.P., Houston, Texas. Unless otherwise indicated in a Prospectus Supplement, certain legal matters relating to such securities will be passed upon for any underwriters, dealers or agents by Brown & Wood, New York, New York. Brown & Wood may rely as to matters of Texas law on the opinion of Vinson & Elkins L.L.P. J. Evans Attwell, a partner in the firm of Vinson & Elkins L.L.P., is a director of American General.

EXPERTS

The consolidated financial statements and schedules of American General and its subsidiaries appearing in or incorporated by reference in American General's Annual Report on Form 10-K for the year ended December 31, 1994 have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included therein and incorporated herein by reference. See "Incorporation of Certain Documents by Reference." Such financial statements and schedules are, and audited financial statements and schedules to be included in subsequently filed documents will be, incorporated herein by reference in reliance upon the reports of Ernst & Young LLP pertaining to such financial statements (to the extent covered by consents filed with the Commission) given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of American Franklin Company and Subsidiaries as of December 31, 1993, and for the year then ended, appearing in American General's Current Report on Form 8-K dated February 14, 1995, and the consolidated financial statements of American Franklin Company and Subsidiaries as of December 31, 1994 and 1993, and for the years ended December 31, 1994 and 1993, appearing in American General's Current Report on Form 8-K dated April 14, 1995, have been audited by Coopers & Lybrand L.L.P., independent accountants, as set forth in their reports thereon included therein and incorporated herein by reference. See "Incorporation of Certain Documents by Reference." Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following are the estimated expenses to be incurred by the registrants in connection with the offering described in this Registration Statement (other than underwriting discount and commissions).

<TABLE>	
<S>	
SEC registration fee.....	<C> \$ 431,038
NYSE Listing Fee.....	115,000
Printing and engraving.....	250,000
Legal fees and expenses.....	600,000
Blue Sky qualification fees and expenses.....	80,000
Accounting fees and expenses.....	200,000
Fees and expenses of Trustee.....	150,000
Rating agency fees.....	850,000
Miscellaneous.....	23,962

Total.....	\$ 2,700,000
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ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Article 2.02-1 of the Texas Business Corporation Act contains detailed provisions with respect to indemnification of directors and officers of a Texas corporation against reasonable expenses actually incurred in connection with certain legal proceedings.

In addition, Article VI of American General's Bylaws sets forth certain rights of American General's officers and directors to indemnification. American General's Bylaws, as in effect on the date hereof, are incorporated by reference herein as Exhibit 4(f).

The agreements which may be entered into by American General, the American General LLCs, underwriters, dealers and agents who participate in the distribution of securities registered hereunder may provide for the indemnification of American General, the American General LLCs, their respective

controlling persons and directors and certain of their respective officers by any agents, dealers or underwriters, as the case may be, against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

American General has placed in effect insurance coverage which purports (a) to insure it against certain costs of indemnification which may be incurred by it pursuant to the aforementioned Bylaw provisions or otherwise, and (b) to insure the officers and directors of American General and of its specified subsidiaries against certain liabilities incurred by them in the discharge of their functions as officers and directors except for liabilities arising from their own malfeasance. See "Item 17. Undertakings" below for a description of the position of the Securities and Exchange Commission with respect to such indemnification provisions.

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ITEM 16. EXHIBITS

The following exhibits are filed as a part of this Registration Statement:

<TABLE> <CAPTION>	
EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
*1(a)	-- Form of Underwriting Agreement (Debt Securities and Warrants to purchase Debt Securities), including forms of Pricing Agreement and Delayed Delivery Contract.
*1(b)	-- Form of Underwriting Agreement (Common Stock and Warrants to Purchase Common Stock), including forms of Pricing Agreement and Delayed Delivery Contract.
*1(c)	-- Form of Underwriting Agreement (Preferred Stock and Warrants to Purchase Preferred Stock), including forms of Pricing Agreement and Delayed Delivery Contract.
1(d)	-- Form of Underwriting Agreement (Convertible Preferred Securities).
1(e)	-- Form of Underwriting Agreement (Non-Convertible Preferred Securities).
*4(a)	-- Form of Senior Indenture, dated as of May , 1995, between the Company and Chemical Bank, as Trustee. The form or forms of Senior Securities with respect to each particular offering will be filed as an exhibit to a Current Report on Form 8-K and incorporated herein by reference.
*4(b)	-- Form of Senior Subordinated Indenture, dated as of May , 1995, between the Company and Chemical Bank, as Trustee. The form or forms of Senior Subordinated Securities with respect to each particular offering will be filed as an exhibit to a Current Report on Form 8-K and incorporated herein by reference.
***4(c)	-- Form of Junior Subordinated Indenture, dated as of May , 1995, between the Company and Chemical Bank, as Trustee. Other than as set forth in Exhibits 4(r) and 4(t) below, the form or forms of Junior Subordinated Debentures with respect to each particular offering will be filed as an exhibit to a Current Report on Form 8-K and incorporated herein by reference.
4(d)	-- Restated Articles of Incorporation of the Company (including Statement of Resolution Establishing Series of Shares of Series A Junior Participating Preferred Stock) (incorporated by reference to Exhibit 4.1 to Registration Statement No. 33-33115 of the Company).
4(e)	-- Rights Agreement dated as of July 27, 1989 between the Company and Texas Commerce Bank National Association, as Rights Agent, and First Amendment dated as of October 26, 1992 (incorporated by reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, and to Exhibit 19 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1992, respectively).
4(f)	-- Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993).
**4(g)	-- Form of Debt Warrant Agreement, including form of Debt Warrant Certificates.
**4(h)	-- Form of Preferred Stock Warrant Agreement, including form of Preferred Stock Warrant Certificates.
**4(i)	-- Form of Common Stock Warrant Agreement, including form of Common Stock Warrant Certificates.
***4(j)	-- Certificate of Formation of American General Delaware, L.L.C.
***4(k)	-- Form of Amended and Restated Limited Liability Company Agreement of American General Delaware, L.L.C.
</TABLE>	

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<TABLE>		
<CAPTION>		
	EXHIBIT NUMBER	DESCRIPTION
<S>		<C>
	***4(l)	-- Form of the Terms of the Preferred Securities, Series A of American General Delaware, L.L.C.
	***4(m)	-- Certificate of Formation of American General Capital, L.L.C.
	4(n)	-- Form of Amended and Restated Limited Liability Company Agreement of American General Capital, L.L.C.
	4(o)	-- Form of Statement of Resolution Establishing Series of Shares of Series A Cumulative Convertible Preferred Stock of the Company.
	***4(p)	-- Form of Guarantee with respect to Preferred Securities of American General Delaware, L.L.C.
	4(q)	-- Form of Guarantee with respect to Preferred Securities of American General Capital, L.L.C.
	4(r)	-- Form of Resolutions Establishing the Convertible Junior Subordinated Debentures, Series A of the Company.
	4(s)	-- Form of the Terms of the Preferred Securities, Series A of American General Capital, L.L.C.
	4(t)	-- Form of Resolutions Establishing the Subordinated Debentures, Series A of the Company.
	4(u)	-- Form of Certificate Evidencing Preferred Securities, Series A of American General Delaware, L.L.C.
	4(v)	-- Form of Certificate Evidencing Preferred Securities, Series A of American General Capital, L.L.C.
	*5	-- Opinion and Consent of Vinson & Elkins L.L.P.
	*8	-- Opinion and Consent of Vinson & Elkins L.L.P. with respect to certain tax matters.
	12	-- Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
	*23(a)	-- Consent of Vinson & Elkins L.L.P. (contained in their opinions in Exhibits 5 and 8).
	23(b)	-- Consent of Ernst & Young LLP, Independent Auditor.
	23(c)	-- Consent of Coopers & Lybrand L.L.P., Independent Accountants.
	***24	-- Powers of Attorney.
	*25	-- Form T-1 Statement of Eligibility of Chemical Bank, as Trustee under the Senior Indenture, Senior Subordinated Indenture and Junior Subordinated Indenture.
</TABLE>		

* To be filed by Amendment.

** To be filed as an exhibit to a Current Report on Form 8-K and incorporated herein by reference.

*** Previously filed.

ITEM 17. UNDERTAKINGS

The registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

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(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that the undertakings set forth in clauses (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those clauses is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Company pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration

statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrants pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(6) That, for purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the provisions set forth in Item 15, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of their counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AMERICAN GENERAL CORPORATION CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT OR AMENDMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF HOUSTON, STATE OF TEXAS, ON MAY 5, 1995.

AMERICAN GENERAL CORPORATION
(Registrant)

By: /s/ AUSTIN P. YOUNG
Austin P. Young
Senior Vice President and
Chief Financial Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AMERICAN GENERAL DELAWARE, L.L.C. CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT OR AMENDMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NASHVILLE, STATE OF TENNESSEE, ON MAY 5, 1995.

AMERICAN GENERAL DELAWARE, L.L.C.

(Registrant)

By: American General Delaware
Management Corporation, as Manager

By: /s/ KENT E. BARRETT
Kent E. Barrett
Vice President and Treasurer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AMERICAN GENERAL CAPITAL, L.L.C. CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT OR AMENDMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NASHVILLE, STATE OF TENNESSEE, ON MAY 5, 1995.

AMERICAN GENERAL CAPITAL, L.L.C.
(Registrant)

By: American General Delaware
Management Corporation, as Manager

By: /s/ KENT E. BARRETT
Kent E. Barrett
Vice President and Treasurer

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PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT OR AMENDMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES WITH AMERICAN GENERAL CORPORATION INDICATED ON MAY 5, 1995.

<TABLE>
<CAPTION>

SIGNATURE

TITLE

<S>

HAROLD S. HOOK*

(Harold S. Hook)

/s/ AUSTIN P. YOUNG

(Austin P. Young)

/s/ PAMELA J. PENNY

(Pamela J. Penny)

J. EVANS ATTWELL*

(J. Evans Attwell)

BRADY F. CARRUTH*

(Brady F. Carruth)

W. LIPSCOMB DAVIS, JR.*

(W. Lipscomb Davis, Jr.)

ROBERT M. DEVLIN*

(Robert M. Devlin)

LARRY D. HORNER*

(Larry D. Horner)

RICHARD J.V. JOHNSON*

(Richard J.V. Johnson)

ROBERT E. SMITTCAMP*

(Robert E. Smittcamp)

<C>

Chairman of the Board, Chief Executive
Officer and Director (principal executive
officer)

Senior Vice President and Chief Financial
Officer (principal financial officer)

Vice President and Controller (principal
accounting officer)

Director

Director

Director

Director

Director

Director

Director

</TABLE>

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<TABLE>
<CAPTION>

SIGNATURE

TITLE

<p><S></p> <p>/s/ JAMES R. TUERFF</p> <p>-----</p> <p>(James R. Tuerff)</p> <p>*By: /s/ JAMES R. TUERFF</p> <p>-----</p> <p>(James R. Tuerff, Attorney-in-fact)</p> <p></TABLE></p>	<p><C></p> <p>Director</p>
---	----------------------------------

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT OR AMENDMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES WITH AMERICAN GENERAL DELAWARE MANAGEMENT CORPORATION (AS THE MANAGER OF EACH OF AMERICAN GENERAL DELAWARE, L.L.C. AND AMERICAN GENERAL CAPITAL, L.L.C.) INDICATED ON MAY 5, 1995.

<TABLE>
<CAPTION>

SIGNATURE

TITLE

<p><S></p> <p>/s/ JAMES S. D'AGOSTINO</p> <p>-----</p> <p>(James S. D'Agostino)</p> <p>/s/ LEO LEBOS, JR.</p> <p>-----</p> <p>(Leo Lebos, Jr.)</p> <p>/s/ KENT E. BARRETT</p> <p>-----</p> <p>(Kent E. Barrett)</p> <p></TABLE></p>	<p><C></p> <p>Chairman and Director (principal executive officer)</p> <p>President and Director</p> <p>Vice President, Treasurer and Director (principal financial and accounting officer)</p>
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EXHIBIT INDEX

<TABLE>
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION -----	SEQUENTIALLY NUMBERED PAGE -----
<p><S></p> <p>*1(a)</p> <p>*1(b)</p> <p>*1(c)</p> <p>1(d)</p> <p>1(e)</p> <p>*4(a)</p> <p>*4(b)</p>	<p><C></p> <p>-- Form of Underwriting Agreement (Debt Securities and Warrants to purchase Debt Securities), including forms of Pricing Agreement and Delayed Delivery Contract.</p> <p>-- Form of Underwriting Agreement (Common Stock and Warrants to Purchase Common Stock), including forms of Pricing Agreement and Delayed Delivery Contract.</p> <p>-- Form of Underwriting Agreement (Preferred Stock and Warrants to Purchase Preferred Stock), including forms of Pricing Agreement and Delayed Delivery Contract.</p> <p>-- Form of Underwriting Agreement (Convertible Preferred Securities).</p> <p>-- Form of Underwriting Agreement (Non-Convertible Preferred Securities).</p> <p>-- Form of Senior Indenture, dated as of May , 1995, between the Company and Chemical Bank, as Trustee. The form or forms of Senior Securities with respect to each particular offering will be filed as an exhibit to a Current Report on Form 8-K and incorporated herein by reference.</p> <p>-- Form of Senior Subordinated Indenture, dated as of May , 1995, between the Company and Chemical Bank, as Trustee. The form or forms of Senior Subordinated Securities with respect to each particular offering will be filed as an exhibit to a Current Report on Form 8-K</p>	<p><C></p>

- and incorporated herein by reference.
- ***4(c) -- Form of Junior Subordinated Indenture, dated as of May , 1995, between the Company and Chemical Bank, as Trustee. Other than as set forth in Exhibits 4(r) and 4(t) below, the form or forms of Junior Subordinated Debentures with respect to each particular offering will be filed as an exhibit to a Current Report on Form 8-K and incorporated herein by reference.
- 4(d) -- Restated Articles of Incorporation of the Company (including Statement of Resolution Establishing Series of Shares of Series A Junior Participating Preferred Stock) (incorporated by reference to Exhibit 4.1 to Registration Statement No. 33-33115 of the Company).
- 4(e) -- Rights Agreement dated as of July 27, 1989 between the Company and Texas Commerce Bank National Association, as Rights Agent, and First Amendment dated as of October 26, 1992 (incorporated by reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, and to Exhibit 19 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1992, respectively).
- 4(f) -- Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1993).
- **4(g) -- Form of Debt Warrant Agreement, including form of Debt Warrant Certificates.

</TABLE>

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<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
-----	-----	-----
<S>	<C>	<C>
***4(h)	-- Form of Preferred Stock Warrant Agreement, including form of Preferred Stock Warrant Certificates.	
***4(i)	-- Form of Common Stock Warrant Agreement, including form of Common Stock Warrant Certificates.	
***4(j)	-- Certificate of Formation of American General Delaware, L.L.C.	
***4(k)	-- Form of Amended and Restated Limited Liability Company Agreement of American General Delaware, L.L.C.	
***4(l)	-- Form of the Terms of the Preferred Securities, Series A of American General Delaware, L.L.C.	
***4(m)	-- Certificate of Formation of American General Capital, L.L.C.	
4(n)	-- Form of Amended and Restated Limited Liability Company Agreement of American General Capital, L.L.C.	
4(o)	-- Form of Statement of Resolution Establishing Series of Shares of Series A Cumulative Convertible Preferred Stock of the Company.	
***4(p)	-- Form of Guarantee with respect to Preferred Securities of American General Delaware, L.L.C.	
4(q)	-- Form of Guarantee with respect to Preferred Securities of American General Capital, L.L.C.	
4(r)	-- Form of Resolutions Establishing the Convertible Junior Subordinated Debentures, Series A of the Company.	
4(s)	-- Form of the Terms of the Preferred Securities, Series A of American General Capital, L.L.C.	
4(t)	-- Form of Resolutions Establishing the Subordinated Debentures, Series A of the Company.	
4(u)	-- Form of Certificate Representing Preferred Securities, Series A of American General Delaware, L.L.C.	
4(v)	-- Form of Certificate Representing Preferred Securities, Series A of American General Capital, L.L.C.	
*5	-- Opinion and Consent of Vinson & Elkins L.L.P.	
*8	-- Opinion and Consent of Vinson & Elkins L.L.P. with respect to certain tax matters.	
12	-- Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.	
*23(a)	-- Consent of Vinson & Elkins L.L.P. (contained in their opinions in Exhibits 5 and 8).	
23(b)	-- Consent of Ernst & Young LLP, Independent Auditor.	
23(c)	-- Consent of Coopers & Lybrand L.L.P., Independent Accountants.	
***24	-- Powers of Attorney.	
*25	-- Form T-1 Statement of Eligibility of Chemical Bank, as Trustee under the Senior Indenture, Senior Subordinated Indenture and Junior Subordinated Indenture.	

</TABLE>

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* To be filed by Amendment.

** To be filed as an exhibit to a Current Report on Form 8-K and incorporated
herein by reference.

*** Previously filed.

American General Delaware, L.L.C.

Preferred Securities
guaranteed by, and convertible into Common Stock of,
American General Corporation

Underwriting Agreement

, 1995

To the Representatives of the
several Underwriters named
in the respective Pricing
Agreements hereinafter described

Ladies and Gentlemen:

From time to time American General Delaware, L.L.C., a Delaware limited liability company (the "Company"), and American General Corporation, a Texas corporation ("American General"), propose to enter into one or more Pricing Agreements (each, a "Pricing Agreement") in the form of Annex I hereto, with such additions and deletions as the parties thereto may determine, and, subject to the terms and conditions stated herein and therein, to issue and sell to the firms named in Schedule I to the applicable Pricing Agreement (such firms constituting the "Underwriters" with respect to such Pricing Agreement and the securities specified therein) certain preferred limited liability company interests in the Company (the "Preferred Securities"), which will be guaranteed on a limited basis by American General. The shares of Preferred Securities specified in Schedule II to such Pricing Agreement as firm shares are referred to as the "Firm Shares" with respect to such Pricing Agreement and the shares of Preferred Securities represented by such Pricing Agreement are referred to as the shares of "Designated Preferred Securities" with respect to such Pricing Agreement. If specified in such Pricing Agreement, the Company may grant the Underwriters the right to purchase at their election an additional number of shares of Preferred Securities, specified as provided in such Pricing Agreement as provided in Section 3 hereof (the "Optional Shares"). The Firm Shares and the Optional Shares, if any, which the Underwriters elect to purchase pursuant to Section 3 hereof are herein collectively referred to as the "Designated Shares". The Designated Preferred Securities may be exchangeable into debt securities of American General (the "American General Debt Securities"), as specified in Schedule II to such Pricing Agreement, which are convertible into shares of Common Stock, par value \$.50 per share, of American General (the "American General Common Stock") or into shares of Preferred Stock, par value \$1.50 per share, of American General (the "American General Preferred Stock"), in each case as specified in such Pricing Agreement. The securities so specified, if any, are referred to in such

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Pricing Agreement as the "Designated American General Securities" with respect to such Pricing Agreement. The Designated Shares will be guaranteed by American General (to the extent set forth in the Prospectus (hereinafter defined) with respect to such Designated Shares (the "Guarantee")).

The terms and rights of any particular issuance of Designated Shares shall be as specified in the Pricing Agreement relating thereto.

1. Particular sales of Designated Shares may be made from time to time to the Underwriters of such Preferred Securities, for whom the firms designated as representatives of the Underwriters of such Preferred Securities in the Pricing Agreement relating thereto will act as representatives (the "Representatives"). The term "Representatives" also refers to a single firm

acting as sole representative of the Underwriters and to Underwriters who act without any firm being designated as their representative. This Underwriting Agreement shall not be construed as an obligation of the Company to issue or sell any of the Preferred Securities or as an obligation of any of the Underwriters to purchase any of the Preferred Securities. The obligation of the Company to issue and sell any of the Preferred Securities and the obligation of any of the Underwriters to purchase any of the Preferred Securities shall be evidenced by the Pricing Agreement with respect to the Designated Shares specified therein. Each Pricing Agreement shall specify the aggregate number of the Firm Shares, the maximum number of Optional Shares, if any, the initial public offering price of such Firm and Optional Shares or the manner of determining such price, the variable terms of the Designated Shares, including the terms on which and terms of the securities into which the Designated Shares will be convertible or exchangeable, the form of the Designated Shares, the purchase price to the Underwriters of such Designated Shares, the names of the Underwriters of such Designated Shares, the names of the Representatives of such Underwriters, the number of such Designated Shares to be purchased by each Underwriter and the commission, if any, payable to the Underwriters with respect thereto and shall set forth the date, time and manner of delivery of such Firm and Optional Shares, if any, and payment therefor. A Pricing Agreement shall be in the form of an executed writing (which may be in counterparts), and may be evidenced by an exchange of telegraphic communications or any other rapid transmission device designed to produce a written record of communications transmitted. The obligations of the Underwriters under this Agreement and each Pricing Agreement shall be several and not joint.

2. Each of the Company and American General, jointly and severally, represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form S-3 (Registration Nos. 33-58317, 33-58317-01, 33-58317-02) in respect of, among other securities, the Preferred Securities, the Guarantee, the American General Debt Securities, the American General Common Stock and the American General Preferred Stock has been filed with the Securities and Exchange Commission (the "Commission"); such registration statement and any post-effective amendment thereto, each in the form heretofore delivered or to be delivered to the Representatives and, excluding exhibits to such registration statement, but including all documents incorporated by reference in the prospectus included therein, to the Representatives for each of the other Underwriters, have been declared effective by the Commission in such form; no other document with respect to such registration statement or document incorporated by reference therein has heretofore been filed, or

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transmitted for filing, with the Commission (other than prospectuses filed pursuant to Rule 424(b) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "Act"), each in the form heretofore delivered to the Representatives); and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in such registration statement or filed with the Commission pursuant to Rule 424(a) under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of such registration statement, including all exhibits thereto and including (i), if applicable, the information contained in the form of prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the registration statement at the time it was declared effective and (ii) the documents incorporated by reference in the prospectus contained in the registration statement at the time such part of the registration statement became effective, but excluding

Form T-1, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "Registration Statement"; the prospectus relating to the Preferred Securities, the Guarantee, the American General Debt Securities, the American General Common Stock and the American General Preferred Stock, in the form in which it has most recently been filed, or transmitted for filing, with the Commission on or prior to the date of this Agreement, is hereinafter called the "Prospectus"; any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to the applicable form under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of American General filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any reference to the Prospectus as amended or supplemented shall be deemed to refer to the Prospectus as amended or supplemented in relation to the applicable Designated Shares in the form in which it is filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof, including any documents incorporated by reference therein as of the date of such filing);

(b) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and, when read together with the other information included or incorporated by reference in the Prospectus at such time, none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto during the period during which delivery of a prospectus is required

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in connection with the offering or sale of the Designated Shares, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and, when read together with the other information included or incorporated by reference in the Prospectus and any such further amendment or supplement thereto at the time such documents become effective or are filed with the Commission, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company or American General by an Underwriter of Designated Shares through the Representatives expressly for use in the Prospectus as amended or supplemented;

(c) The Registration Statement and the Prospectus

conform, and any further amendments or supplements to the Registration Statement or the Prospectus during the period during which delivery of a prospectus is required in connection with the offering or sale of the Designated Shares will conform, in all material respects to the applicable requirements of the Act, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to the Registration Statement and any amendment thereto and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto (in each case during the period during which delivery of a prospectus is required in connection with the offering and sale of the Designated Shares), contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company or American General by an Underwriter of Designated Shares through the Representatives expressly for use in the Prospectus as amended or supplemented relating to such Shares;

(d) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change, or any development or event involving a prospective material adverse change, in the business, financial condition, shareholders' equity (without considering the effect of unrealized gains and losses on debt and equity securities classified as "available-for-sale" under Statement of Financial Accounting Standards (SFAS) No. 115) or results of operations of the Company or of American General and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Prospectus;

(e) The Company has been duly organized and is validly existing as a limited liability company in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification,

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or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction;

(f) The Company is not a party to or bound by any agreement or instrument other than this Agreement and the Amended and Restated Limited Liability Company Agreement, dated [to be dated] _____, 1995, of the Company (the "LLC Agreement"); and the Company has no liabilities or obligations other than those arising out of the transactions contemplated by this Agreement and those described in the Prospectus as amended or supplemented;

(g) American General has been duly incorporated and is validly existing as a corporation under the laws of the State of Texas with corporate power and authority to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases substantial properties, or conducts business, and where the failure so to qualify and be in good standing would have a material adverse effect on the business of American General and its

subsidiaries taken as a whole; each consolidated subsidiary of American General the consolidated assets of which constitute 15 percent or more of the consolidated assets of American General (herein the "Selected Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, has corporate power and authority to own or lease its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases substantial properties, or conducts business, and where the failure so to qualify and be in good standing would have a material adverse effect on the business of American General and its subsidiaries taken as a whole; and American General and each of its Selected Subsidiaries has all required authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies (including, without limitation, each insurance commission having jurisdiction over American General or any insurance subsidiary of American General) to own or lease its properties and conduct its business as described in the Prospectus, except such authorizations, approvals, orders, licenses, certificates and permits which, if not obtained, would not have a material adverse effect on the business of American General and its subsidiaries taken as a whole, and neither American General nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such authorization, approval, order, license, certificate or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially adversely affect the business of American General and its subsidiaries taken as a whole;

(h) All of the issued and outstanding shares of capital stock of each of the Selected Subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable, and (except for directors' qualifying shares) are owned directly or indirectly by American General, free and clear of all liens and encumbrances;

(i) All of the issued and outstanding limited liability company interests of the Company have been duly authorized and validly issued, are fully paid and non-assessable,

and (other than any Preferred Securities previously sold hereunder) are owned directly or indirectly by American General, free and clear of all liens and encumbrances, and conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(j) The authorized, issued and outstanding capital stock of American General is as set forth in the Prospectus (except for subsequent issuances, if any, pursuant to employee benefit plans or the exercise of convertible securities or options referred to in the Prospectus); and all of the issued and outstanding shares of capital stock of American General have been duly authorized and validly issued and are fully paid and nonassessable, and conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(k) The Preferred Securities have been duly and validly authorized and, when the Firm Shares are issued and delivered against payment therefor pursuant to this Agreement and the Pricing Agreement with respect to such Designated Shares and, in the case of any Optional Shares, pursuant to the Over-allotment Options (as defined in Section 3 hereof) with respect to such Preferred Securities, such Designated Shares will be duly and validly issued and fully paid and

nonassessable and will not be subject to preemptive or other similar rights; the Preferred Securities conform in all material respects to the description thereof contained in the Registration Statement and the Designated Shares will conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented with respect to such Designated Shares; and the Designated Shares will have the rights set forth in the LLC Agreement, and the terms of the Designated Shares are valid and binding on the Company;

(l) The shares of American General Common Stock issuable upon conversion of the American General Debt Securities or shares of American General Preferred Stock and the shares of American General Preferred Stock issuable upon conversion of the American General Debt Securities have been duly and validly authorized and reserved for issuance and, when issued and delivered in accordance with the terms of the American General Debt Securities and the Indenture referred to below, will be duly and validly issued, fully paid and nonassessable and will conform in all material respects to the descriptions thereof contained in the Prospectus; and the holders of outstanding capital stock of American General are not entitled to preemptive or other rights afforded by American General to subscribe for the shares of American General Common Stock or the shares of American General Preferred Stock issuable upon conversion of the American General Debt Securities;

(m) The issue and sale of the Preferred Securities by the Company, the purchase of the American General Debt Securities by the Company, the exchange by the Company of American General Debt Securities for Preferred Securities, the conversion of American General Debt Securities for shares of American General Common Stock or shares of American General Preferred Stock, the compliance by the Company with all of the provisions of this Agreement, any Pricing Agreement and each Over-allotment Option, if any, and the consummation of the other transactions contemplated herein and therein will not result in any violation of (i) the provisions of the Certificate of Formation of the Company or the LLC Agreement or (ii) to the best

knowledge of the Company, any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties, in any manner which, in the case of clause (ii), would have a material adverse effect on the business of the Company; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Preferred Securities by the Company, the purchase of the American General Debt Securities by the Company, the exchange by the Company of American General Debt Securities for Preferred Securities, the conversion of American General Debt Securities for shares of American General Common Stock or shares of American General Preferred Stock, or the consummation by the Company of the other transactions contemplated by this Agreement or any Pricing Agreement or any Over-allotment Option, except such as have been, or will have been prior to each Time of Delivery (as defined in Section 4 hereof), obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Preferred Securities by the Underwriters;

(n) The issue and sale of the Preferred Securities by the Company, the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the

exchange by the Company of American General Debt Securities for Preferred Securities, the conversion of American General Debt Securities for shares of American General Common Stock or shares of American General Preferred Stock, the conversion of American General Preferred Stock for American General Common Stock, the issue by American General of the shares of American General Common Stock issuable upon conversion of the American General Debt Securities or shares of American General Preferred Stock, the issue by American General of the shares of American General Preferred Stock issuable upon conversion of the American General Debt Securities, the compliance by each of the Company and American General with all of the provisions of this Agreement, any Pricing Agreement, each Over-allotment Option, if any, the Guarantee, the American General Debt Securities and the Indenture, and the consummation of the other transactions contemplated herein and therein will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument for money borrowed to which American General or any of the Selected Subsidiaries is a party or by which American General or any of the Selected Subsidiaries is bound or to which any of the property or assets of American General or any of the Selected Subsidiaries is subject, or (ii) result in any violation of (x) the provisions of the Restated Articles of Incorporation, as amended, or the Amended and Restated Bylaws of American General or (y) to the best knowledge of American General, any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over American General or any of the Selected Subsidiaries or any of their properties, in any manner which, in the case of clauses (i) and (ii) (y), would have a material adverse effect on the business of American General and its subsidiaries taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the exchange by the Company of American General Debt Securities for

Preferred Securities, the conversion of American General Debt Securities for shares of American General Common Stock or shares of American General Preferred Stock, the conversion of American General Preferred Stock for American General Common Stock, the issue by American General of the shares of American General Common Stock issuable upon conversion of the American General Debt Securities or shares of American General Preferred Stock, the issue by American General of the shares of American General Preferred Stock issuable upon conversion of the American General Debt Securities or the consummation by American General of the other transactions contemplated by this Agreement, any Pricing Agreement or Over-allotment Option, the Indenture or the Guarantee, except such as have been, or will have been prior to each Time of Delivery, obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Preferred Securities by the Underwriters;

(o) Other than as set forth or contemplated in the Prospectus, there are no legal or governmental proceedings pending to which the Company, American General or any of the Selected Subsidiaries is a party or of which any property of the Company, American General or any of the Selected Subsidiaries is the subject, which, individually or in the aggregate, are expected to have a material adverse effect on the business, financial condition or

results of operations of the Company or of American General and its subsidiaries taken as a whole; and, to the best of the Company's and American General's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(p) Neither the Company nor American General is and, after giving effect to the issue and sale of the Preferred Securities and the American General Debt Securities, respectively, will not be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(q) The American General Debt Securities have been duly and validly authorized and, when executed and authenticated pursuant to the Indenture, dated [to be dated] as of _____, 1995 (the "Indenture"), between American General and Chemical Bank, as trustee (the "Trustee"), and issued and delivered against payment therefor as contemplated by this Agreement and the Pricing Agreement with respect to the Designated Shares, will be duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of American General, enforceable against American General in accordance with their terms and entitled to the benefits of the Indenture, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Indenture has been duly and validly authorized by American General and, when duly executed and delivered by American General, will constitute a valid and legally binding instrument of American General, enforceable against American General in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Indenture has been duly qualified under the Trust Indenture Act; and the American

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General Debt Securities and the Indenture will conform in all material respects with the descriptions thereof contained in the Prospectus as amended or supplemented;

(r) The Guarantee has been duly and validly authorized by American General and, when executed and delivered by American General as contemplated by this Agreement, will have been duly executed, issued and delivered and will constitute a valid and legally binding obligation of American General, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Guarantee conforms in all material respects with the description thereof contained in the Prospectus;

(s) The LLC Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the LLC Agreement conforms in all material respects to the description thereof contained in the Prospectus;

(t) Neither the Company or American General nor any of their affiliates does business with the government of Cuba or with any person or affiliate located in Cuba within the meaning of Section

(u) Neither the Company nor American General has taken or will take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in a violation of the provisions of Rule 10b-6 or Rule 10b-7 under the Exchange Act.

3. Upon the execution of the Pricing Agreement applicable to any Designated Shares and the authorization by the Representatives of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus as amended or supplemented.

The Company may specify in the Pricing Agreement applicable to any Designated Shares that the Company thereby grants to the Underwriters the right (an "Over-allotment Option") to purchase at their election up to the number of Optional Shares set forth in such Pricing Agreement, on the same terms as the Firm Shares, for the sole purpose of covering over-allotments in the sale of the Firm Shares. Any such election to purchase Optional Shares may be exercised by written notice from the Representatives to the Company, given within a period specified in such Pricing Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless the Representatives and the Company otherwise agree in writing, earlier than or later than the respective number of business days after the date of such notice set forth in such Pricing Agreement.

The number of Optional Shares to be added to the number of Firm Shares to be purchased by each Underwriter as set forth in Schedule I to the Pricing Agreement applicable

to such Designated Shares shall be, in each case, the number of Optional Shares which the Company has been advised by the Representatives have been attributed to such Underwriter; provided that, if the Company has not been so advised, the number of Optional Shares to be so added shall be, in each case, that proportion of Optional Shares which the number of Firm Shares to be purchased by such Underwriter under such Pricing Agreement bears to the aggregate number of Firm Shares (rounded as the Representatives may determine to the nearest 100 shares). The total number of Designated Shares to be purchased by all the Underwriters pursuant to such Pricing Agreement shall be the aggregate number of Firm Shares set forth in Schedule I to such Pricing Agreement plus the aggregate number of Optional Shares which the Underwriters elect to purchase.

As compensation to the Underwriters for their commitments hereunder, and in view of the fact that the proceeds of the sale of the Designated Shares will be used by the Company to purchase the American General Debt Securities, American General hereby agrees to pay at each Time of Delivery to the Representatives, for the accounts of the several Underwriters, an amount per share specified in the applicable Pricing Agreement for the Designated Shares to be delivered hereunder at such Time of Delivery.

4. The Firm Shares and the Optional Shares to be purchased by each Underwriter pursuant to the Pricing Agreement relating thereto, in the form specified in such Pricing Agreement, shall be delivered by or on behalf of the Company to the Representatives, through the facilities of The Depository Trust Company ("DTC"), for the account of each such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by certified or official bank check or checks, payable to the order of the Company, or, if set forth in such Pricing Agreement, wire transfer to the account specified by the Company in the funds specified in such Pricing Agreement, (i) with respect to the Firm Shares, all in the manner and at the

place and time and date specified in such Pricing Agreement or at such other place and time and date as the Representatives and the Company may agree upon in writing (such time and date being herein called the "First Time of Delivery") and (ii) with respect to the Optional Shares, if any, in the manner and at the time and date specified by the Representatives in the written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or at such other time and date as the Representatives and the Company may agree upon in writing (such time and date, if not the First Time of Delivery, being herein called the "Second Time of Delivery"). Each such time and date for delivery is herein called a "Time of Delivery".

At each Time of Delivery, American General will pay, or cause to be paid, the compensation payable at such Time of Delivery to the Underwriters under Section 3 hereof in the same funds and manner as the purchase price for the Designated Shares to be paid by the Underwriters to the Company (any such certified or official bank check or checks to be payable to the order of the Representatives and any such wire transfer to be to the account specified by the Representatives).

5. Each of the Company and American General, jointly and severally, agrees with each of the Underwriters of any Designated Shares:

(a) To prepare the Prospectus as amended and supplemented in relation to the applicable Designated Shares in a form reasonably approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act

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within the time period prescribed under Rule 424(b) or Rule 430(a)(3), as the case may be, under the Act; except as otherwise required by law, to make no further amendment or any supplement to the Registration Statement or Prospectus as amended or supplemented after the date of the Pricing Agreement relating to such Designated Shares and prior to any Time of Delivery for such Designated Shares which shall be reasonably disapproved by the Representatives for such Designated Shares promptly after reasonable notice thereof; for so long as the delivery of a prospectus is required in connection with the offering or sale of such Designated Shares, to file promptly all reports and any definitive proxy or information statements required to be filed by American General or the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act and to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed or transmitted for filing with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to such Designated Shares, of the suspension of the qualification of such Designated Shares, the Guarantee, the American General Debt Securities, the American General Common Stock, or the American General Preferred Stock for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to such Designated Shares, or suspending any such qualification, promptly to use its best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Preferred Securities, the Guarantee, the American General Debt Securities, the shares of American General Common Stock issuable upon conversion of

the American General Debt Securities or the American General Preferred Stock and the shares of American General Preferred Stock issuable upon the conversion of the American General Debt Securities for offering and sale under the securities and insurance laws of such jurisdictions as the Representatives may reasonably request and to comply with such laws to the extent necessary to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Preferred Securities; provided, however, that in connection therewith neither the Company nor American General shall be required to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to file a general consent to service of process in any jurisdiction;

(c) To furnish the Underwriters with copies of the Prospectus as amended or supplemented in such quantities as the Representatives may from time to time reasonably request, and, if the delivery of a prospectus is required at any time in connection with the offering or sale of the applicable Designated Shares, the Guarantee, the American General Debt Securities, the American General Common Stock or the American General Preferred Stock and if at such time any event shall have occurred or condition exist as a result of which the Prospectus, as it may then be amended or supplemented, would include an untrue statement of a material fact or omit to state any

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material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period, in the opinion of the Representatives or American General, to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act, the Exchange Act or the Trust Indenture Act, to notify the Representatives of such event, condition, filing, amendment or supplement and upon the Representative's request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance;

(d) In the case of American General, to make generally available to its security holders as soon as practicable, but in any event not later than 90 days following the close of the period covered thereby, an earnings statement, covering a twelve-month period beginning not later than the first day of American General's fiscal quarter next following the "effective date" (as defined in Rule 158(c) under the Act) of the Registration Statement, of American General and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including Rule 158);

(e) During the period beginning from the date of the Pricing Agreement relating to the applicable Designated Shares and continuing to and including the date which is 90 days after the date of such Pricing Agreement, not to offer, sell, contract to sell or otherwise dispose of any shares of American General Common Stock, any shares of American General Preferred Stock, any other shares of capital stock of American General, or any other securities convertible into or exercisable or exchangeable for American General Common Stock, American General Preferred Stock or any such capital stock, other than the applicable Designated Shares, the American General Debt Securities, or shares of American General Common Stock or American

General Preferred Stock issued or delivered upon conversion or exchange of the American General Debt Securities, securities issued or delivered upon conversion, exchange, or exercise of any other securities of American General outstanding on the date of such Pricing Agreement, securities issued pursuant to American General's stock option or other benefit or incentive plans maintained for its officers, directors or employees, securities issued by American General in connection with mergers, acquisitions or similar transactions, or common limited liability company interests of the Company issued to American General or any wholly-owned subsidiary thereof in connection with the sale of the Optional Shares, without the prior consent of the Representatives;

(f) To use the net proceeds received by it from the sale of the applicable Designated Shares and the American General Debt Securities as contemplated in this Agreement in the manner specified in the Prospectus as amended or supplemented under the caption "Use of Proceeds";

(g) To use its best efforts to list, subject to notice of issuance, (i) the applicable Designated Shares, (ii) the American General Debt Securities, upon any

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distribution thereof to holders of such Designated Shares, and (iii) any shares of American General Preferred Stock issued upon conversion of the American General Debt Securities, in each case, on the Exchange;

(h) In the case of American General, to issue and deliver the Guarantee and the American General Debt Securities concurrently with the issuance and sale of the applicable Designated Shares; and

(i) In the case of American General, to reserve and keep available at all times, free of preemptive and other similar rights, shares of American General Common Stock and shares of American General Preferred Stock for the purpose of enabling American General to satisfy any obligation to issue shares of American General Common Stock and American General Preferred Stock upon conversion of the American General Debt Securities or American General Preferred Stock, as applicable.

6. Each of the Company and American General jointly and severally covenants and agrees with the several Underwriters to pay or cause to be paid the following: (i) the fees, disbursements and expenses of their counsel and accountants in connection with the registration under the Act of the Preferred Securities, the Guarantee, the American General Debt Securities, the American General Common Stock and the American General Preferred Stock issuable upon conversion of the American General Debt Securities and all other expenses in connection with the preparation, printing and filing of the Registration Statement, any Preliminary Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, any Pricing Agreement, the LLC Agreement, the Indenture, the American General Debt Securities, the Guarantee, any Blue Sky survey(s), closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Preferred Securities; (iii) all expenses in connection with the qualification of the Preferred Securities, the Guarantee, the American General Debt Securities, the American General Common Stock and the American General Preferred Stock for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in

connection with the Blue Sky survey(s); (iv) any fees charged by securities rating services for rating the Preferred Securities; (v) any filing fees incident to, and the fees and disbursements of counsel for the Underwriters in connection with, any required reviews by the National Association of Securities Dealers, Inc. of the terms of the sale of the Preferred Securities; (vi) any fees and expenses in connection with listing on one or more securities exchanges and under the Exchange Act of the Preferred Securities and, if applicable, any American General Debt Securities distributed to holders of the Preferred Securities and any shares of American General Preferred Stock issued upon conversion of the American General Debt Securities; (vii) the cost of preparing certificates, if any, for the Preferred Securities, the American General Debt Securities, any shares of American General Common Stock and any shares of American General Preferred Stock; (viii) the cost and charges of any transfer agent or registrar or dividend disbursing agent; (ix) the cost of qualifying the Preferred Securities, the American General Common Stock, the American General Preferred Stock and the American General Debt Securities with The Depository Trust Company; (x) the cost and charges of the Conversion Agent; (xi) the fees and expenses of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture and the American General Debt

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Securities; and (xii) all other costs and expenses incident to the performance of its obligations hereunder and under any Over-allotment Options which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 8 and 11 hereof, the Underwriters will pay all of their own costs and expenses, including the fees and disbursements of their own counsel, transfer taxes on resale of any of the Preferred Securities by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Underwriters of any Designated Shares under the Pricing Agreement relating to such Designated Shares shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties of the Company and American General in or incorporated by reference in such Pricing Agreement are, at and as of each Time of Delivery for such Designated Shares, true and correct, the condition that the Company and American General shall have performed all of their respective obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus as amended or supplemented in relation to such Designated Shares shall have been filed with the Commission pursuant to Rule 424(b) [and Rule 430A(a)(3)] within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction;

(b) Brown & Wood, counsel for the Underwriters, shall have furnished to the Representatives such opinion or opinions, dated each Time of Delivery for such Designated Shares, with respect to the incorporation of American General and the organization of the Company, the validity of the Designated Shares and the American General Debt Securities being delivered at each Time of Delivery and with respect to the Registration Statement, the Prospectus and other related matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters (in rendering such opinion or opinions, Brown & Wood may rely as to

matters of Texas Law upon the opinions of Vinson & Elkins L.L.P. (or other counsel licensed to practice in the State of Texas) and of the General Counsel of American General referred to in subsections 7(c) and 7(d), respectively);

(c) Vinson & Elkins L.L.P., counsel for the Company and American General, or such other counsel satisfactory to the Representatives as shall be indicated in the applicable Pricing Agreement, shall have furnished to the Representatives their written opinion, dated each Time of Delivery for such Designated Shares, in form and substance satisfactory to the Representatives, to the effect that:

(i) The Company has been duly formed and is validly existing as a limited liability company in good standing under the laws of Delaware and has the limited liability company power under the Delaware Limited Liability Company Act (the

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"Delaware Act") and the LLC Agreement necessary to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) All of the issued and outstanding Common Securities of the Company have been duly authorized and validly issued, are fully paid and, except as described in the Prospectus as amended or supplemented, nonassessable, are not subject to preemptive or other similar rights, conform in all material respects to the descriptions thereof contained in the Prospectus as amended or supplemented, and are owned directly or indirectly by American General, free and clear of all liens and encumbrances; the Designated Shares being delivered at such Time of Delivery have been duly authorized, and, when issued and delivered against payment therefor as provided herein, will be validly issued, fully paid and (subject to the obligation of the holders of such Designated Shares to repay any funds wrongfully distributed to them) nonassessable preferred limited liability company interests in the Company and such Designated Shares will conform in all material respects to the descriptions thereof contained in the Prospectus, as amended or supplemented; and the shares of American General Common Stock issuable upon conversion of the American General Debt Securities or shares of American General Preferred Stock and the shares of American General Preferred Stock issuable upon conversion of the American General Debt Securities have been duly and validly authorized and reserved for issuance and, when issued and delivered in accordance with the provisions of the American General Debt Securities and the Indenture, will be duly and validly issued, fully paid and nonassessable and will not be subject to preemptive or other similar rights, and will conform in all material respects to the descriptions of the American General Common Stock and American General Preferred Stock contained in the Prospectus as amended or supplemented;

(iii) The Company has been duly qualified as a foreign limited liability company for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction (such counsel being entitled to rely in respect of the opinion in this clause (iii) upon opinions of local counsel and in respect of matters of fact upon certificates of public officials or officers of American General, provided that such counsel shall state that they believe that they are justified in so relying upon such opinions and certificates);

(iv) This Agreement and the Pricing Agreement with respect to the applicable Designated Shares have been duly authorized, executed and delivered by each of the Company and American General;

(v) The issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities being purchased at such Time of Delivery, the exchange by the Company of American General Debt Securities for such Designated Shares, the conversion of the American General Debt Securities for shares of American General Common Stock or shares of American General Preferred Stock, the compliance by the Company with all of the provisions of this Agreement and the Pricing Agreement with respect to such Designated Shares and the related Over-allotment Option, if any, and

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the consummation of the other transactions contemplated herein and therein will not result in any violation of the provisions of the Certificate of Formation of the Company or the LLC Agreement or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its properties (other than any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties solely as a result of the Company's affiliation with American General or its subsidiaries); and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, the conversion of American General Debt Securities into shares of American General Common Stock or shares of American General Preferred Stock, or the consummation by the Company of the other transactions contemplated by this Agreement, such Pricing Agreement or the related Over-allotment Option, if any, other than any such consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body having jurisdiction over the Company or any of its properties solely as a result of the Company's affiliation with American General or its subsidiaries and except such as have been obtained prior to such Time of Delivery under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Designated Shares by the Underwriters;

(vi) The statements set forth in the Prospectus as amended or supplemented under the captions "Description of the Preferred Securities," "Description of the Guarantees," "Description of the Junior Subordinated Debentures," "Description of American General Preferred Stock," and "Description of American General Common Stock", and any similar caption in the Prospectus as amended or supplemented with respect to the Designated Shares, insofar as they purport to constitute a summary of the terms of the Preferred Securities (including the Designated Shares), the Guarantee, the American General Debt Securities, the American General Preferred Stock and the American General Common Stock, respectively, are accurate summaries in all material respects and fairly present the information set forth therein;

(vii) Such counsel confirms their opinion filed as Exhibit

(viii) The American General Debt Securities have been duly and validly authorized and, when executed and authenticated pursuant to the Indenture and issued and delivered against payment therefor as contemplated by this Agreement and the applicable Pricing Agreement, will be duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of American General, enforceable against American General in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles, and will be entitled to the benefits provided by the Indenture; the American General Debt Securities are in the form authorized in or pursuant to the Indenture; the Indenture has

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been duly authorized, executed and delivered by American General and constitutes a valid and legally binding instrument of American General, enforceable against American General in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Indenture has been duly qualified under the Trust Indenture Act; and the American General Debt Securities and the Indenture conform in all material respects to the descriptions thereof contained in the Prospectus as amended or supplemented;

(ix) The Guarantee has been duly and validly authorized by American General and, when executed and delivered as contemplated by this Agreement, will have been duly executed, issued and delivered and will constitute a valid and legally binding obligation of American General, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Guarantee conforms in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(x) The LLC Agreement has been duly and validly authorized, executed and delivered by American General and American General Delaware Management Corporation and constitutes a valid and legally binding agreement of American General and American General Delaware Management Corporation, enforceable against American General and American General Delaware Management Corporation in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the LLC Agreement conforms in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(xi) Neither the Company nor American General is and, after giving effect to the issue and sale of the applicable Designated Shares and the American General Debt Securities, will not be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act;

(xii) The documents incorporated by reference in the Prospectus as amended or supplemented (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), when they became effective or were filed with the Commission, as the case may be, appeared on their face to comply as to form in all material respects with the requirements of

the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder; and

(xiii) The Registration Statement and the Prospectus as amended or supplemented, and any further amendments and supplements thereto made by American General or the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), each appears on its face to comply as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the respective rules and regulations thereunder; although such counsel has not independently verified and is not passing upon and does not assume any responsibility for the accuracy,

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completeness or fairness of the statements contained in the Registration Statement or the Prospectus, except for those referred to in the opinion in subsection (vi) of this Section 7(c), such counsel has no reason to believe that, as of its effective date, the Registration Statement or any further amendment thereto made by the Company or American General prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of its date, the Prospectus as amended or supplemented or any further amendment or supplement thereto made by the Company or American General prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or that, as of such Time of Delivery, either the Registration Statement or the Prospectus as amended or supplemented or any further amendment or supplement thereto made by the Company or American General prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) The General Counsel or the Associate General Counsel - Corporate/Finance of the Company shall have furnished to the Representatives his or her written opinion, dated each Time of Delivery, in form and substance satisfactory to the Representatives, to the effect that:

(i) American General has been duly incorporated and is validly existing as a corporation in good standing under the laws of Texas, with corporate power and authority to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) The authorized, issued and outstanding capital stock of American General is as set forth in the Prospectus as amended or supplemented (except for subsequent issuances, if any, pursuant to employee benefit plans or the exercise of convertible securities or options referred to in the Prospectus); and all of the issued and outstanding shares of capital stock of American General have been duly authorized and validly issued, are fully paid and nonassessable and are not subject to preemptive or other similar rights;

(iii) American General has been duly qualified as a foreign

corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, and where the failure so to qualify and be in good standing would have a material adverse effect on the business of American General and its subsidiaries taken as a whole (such counsel being entitled to rely in respect of the opinion in this clause (iii) upon opinions of local counsel and in respect of matters of fact upon certificates of public officials or officers of American General, provided that such counsel shall state

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that he or she believes that he or she is justified in so relying upon such opinions and certificates);

(iv) Each of the Selected Subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation; to the knowledge of such counsel, each of the Selected Subsidiaries has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases substantial properties, or conducts business, and where the failure to so qualify would have a material adverse effect on the business of American General and its subsidiaries taken as a whole; and all of the outstanding shares of capital stock of each Selected Subsidiary have been duly authorized and validly issued, are fully paid and nonassessable, and (except for directors' qualifying shares) are owned, directly or indirectly, by American General, free and clear of all liens and encumbrances; and, to the knowledge of such counsel, American General and each of the Selected Subsidiaries has all required authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies (including, without limitation, each insurance commission having jurisdiction over American General or any insurance subsidiary of American General) to own or lease its properties and to conduct its business as described in the Prospectus as amended or supplemented, except such authorizations, approvals, orders, licenses, certificates and permits which, if not obtained, would not have a material adverse effect on the business of American General and its subsidiaries taken as a whole (such counsel being entitled to rely in respect of the opinion in this clause (iv) upon opinions (in form and substance satisfactory to the Representatives) of local counsel and of counsel for the Selected Subsidiaries, such counsel being acceptable to counsel for the Underwriters, copies of which shall be furnished to the Representatives; and in respect of matters of fact upon certificates of officers of American General or the Selected Subsidiaries, provided that such counsel shall state that he or she believes that he or she is justified in relying upon such opinions and certificates);

(v) To the best knowledge of such counsel, there are no legal or governmental proceedings pending or threatened of a character which are required to be disclosed in the Registration Statement and Prospectus, other than as disclosed therein; to the best knowledge of such counsel, there are no contracts, indentures, mortgages, deeds of trust, loan agreements or other documents of a character required to be described in the Registration Statement or Prospectus (or required to be filed under the Exchange Act if upon such filing they would be incorporated by reference therein) or to be filed as exhibits to the Registration Statement that are not described and filed as required;

(vi) The issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities being purchased at

such Time of Delivery, the exchange by the Company of American General Debt Securities for such Designated Shares, the conversion of the American General Debt Securities for shares of American General Common Stock or shares of American General Preferred Stock, the compliance by the Company with all of the provisions of this Agreement and the Pricing Agreement with respect to such Designated Shares and the related Over-allotment Option, if any, and

the consummation of the other transactions contemplated herein and therein will not result in any violation of any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its properties solely as a result of the Company's affiliation with American General or its subsidiaries, which violation would have a material adverse effect on the business, financial condition, shareholders' equity or results of operations of American General and its subsidiaries taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, the conversion of American General Debt Securities for shares of American General Common Stock or shares of American General Preferred Stock, or the consummation by the Company of the other transactions contemplated by this Agreement, such Pricing Agreement or the related Over-allotment Option, if any, solely as a result of the Company's affiliation with American General or its subsidiaries, except such as have been obtained prior to such Time of Delivery under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Designated Shares by the Underwriters; and

(vii) The issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, the conversion of the American General Debt Securities into shares of American General Common Stock or shares of American General Preferred Stock, the conversion of American General Preferred Stock into American General Common Stock, the issue by American General of the shares of American General Common Stock issuable upon conversion of the American General Debt Securities or shares of American General Preferred Stock, the issue by American General of the shares of American General Preferred Stock issuable upon conversion of the American General Debt Securities, the compliance by each of the Company and American General with all of the provisions of this Agreement and the Pricing Agreement with respect to such Designated Shares and the related Over-allotment Option, if any, the Guarantee, the American General Debt Securities and the Indenture and the consummation of the other transactions contemplated herein and therein will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument for money borrowed known to such counsel to which American General or any of the Selected Subsidiaries is a party or by which American General or any of the Selected Subsidiaries is bound or to which any of the property or assets of American General or any of the Selected Subsidiaries is subject or (ii) result in any violation

of the provisions of the Restated Articles of Incorporation, as amended, or the Amended and Restated Bylaws of American General or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over American General or any of the Selected Subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such

court or governmental agency or body is required for the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, the conversion of American General Debt Securities into shares of American General Common Stock or shares of American General Preferred Stock, the conversion of American General Preferred Stock into American General Common Stock, the issue by American General of the shares of American General Common Stock issuable upon conversion of the American General Debt Securities or shares of American General Preferred Stock, the issue by American General of the shares of American General Preferred Stock issuable upon conversion of the American General Debt Securities, or the consummation by American General of the other transactions contemplated by this Agreement, such Pricing Agreement or the related Over-allotment Option, if any, the Indenture or the Guarantee, except such as have been obtained prior to such Time of Delivery under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of such Designated Shares by the Underwriters;

(e) On the date of the Pricing Agreement relating to the applicable Designated Shares (but at a time prior to the execution of such Pricing Agreement) and at each Time of Delivery for such Designated Shares, the independent accountants of American General who have certified the financial statements of American General and its subsidiaries included or incorporated by reference in the Registration Statement shall have furnished to the Representatives a letter, dated the effective date of the Registration Statement or the date of the most recent report filed with the Commission containing financial statements and incorporated by reference in the Registration Statement, if the date of such report is later than such effective date, and a letter dated such Time of Delivery, respectively, to the effect set forth in Annex II hereto, and with respect to such letter dated such Time of Delivery, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives;

(f) Since the date of the Pricing Agreement relating to the applicable Designated Shares and since the respective dates as of which information is given in the Prospectus as amended prior to the date of such Pricing Agreement, there shall not have been any change, or any development or event involving a prospective change, in the business, financial condition, shareholders' equity or results of operations of the Company or of American General and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business, the effect of which is, in the reasonable judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of such Designated Shares on the terms and in the manner contemplated in the Prospectus as amended relating to such Designated Shares;

(g) On or after the date of the Pricing Agreement relating to the applicable Designated Shares no downgrading shall have

occurred in the rating accorded such Designated Shares or any of American General's debt securities or preferred stock, or in the financial strength or claims paying ability rating accorded any of American General's Selected Subsidiaries which is an insurance company, by any "nationally

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recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g) (2) under the Act;

(h) On or after the date of the Pricing Agreement relating to the applicable Designated Shares there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange or any other exchange on which application shall have been made to list such Designated Shares; (ii) a suspension or material limitation in trading in such Designated Shares or any of American General's securities on the Exchange or any other national securities exchange; (iii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; or (iv) an outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this clause (h), in the reasonable judgment of the Representatives, makes it impracticable to proceed with the public offering or the delivery of the Firm Shares or Optional Shares or both on the terms and in the manner contemplated in the Prospectus as first amended or supplemented relating to such Designated Shares;

(i) The Designated Shares, at each Time of Delivery, shall have been duly listed, subject to notice of issuance, on the Exchange; and

(j) The Company and American General shall have furnished or caused to be furnished to the Representatives at each Time of Delivery for the Designated Shares certificates of the Company and American General, satisfactory to the Representatives, signed by the Chairman, the President or a Vice President of American General, as to the accuracy of the representations and warranties of the Company and American General herein at and as of such Time of Delivery, as to the performance by the Company and American General of all of its respective obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (a) and (f) of this Section and as to such other matters as the Representatives may reasonably request.

8. (a) The Company and American General, jointly and severally, will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, as incurred, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating, preparing for or defending against any such action or claim, commenced or threatened; provided, however, that neither the Company nor American General shall be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or

omission or alleged omission made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or

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supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by any Underwriter of Designated Shares through the Representatives expressly for use in the Prospectus as amended or supplemented; and provided further that neither the Company nor American General shall be liable to any Underwriter under the indemnity agreement in this subsection (a) with respect to any Preliminary Prospectus to the extent that any such loss, claim, damage or liability of such Underwriter results from the fact that such Underwriter sold Designated Shares to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus as then amended or supplemented (excluding documents incorporated by reference therein) in any case where such delivery is required by the Act if the Company or American General has previously furnished copies thereof to such Underwriter and the loss, claim, damage or liability of such Underwriter results from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in the Preliminary Prospectus which was corrected in the Prospectus (or the Prospectus as amended or supplemented).

(b) Each Underwriter will indemnify and hold harmless the Company and American General against any losses, claims, damages or liabilities, as incurred, to which the Company or American General may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company and American General by such Underwriter through the Representatives expressly for use therein; and will reimburse the Company and American General for any legal or other expenses reasonably incurred by the Company or American General in connection with investigating, preparing for or defending against any such action or claim commenced or threatened.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement or threat of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under such subsection, notify such indemnifying party in writing of the commencement or threat thereof; but the omission so to notify such indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be commenced or threatened against any indemnified party and it shall notify the indemnifying party of the commencement or threat thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish and so elect within a reasonable time after receipt of such notification, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party and it being understood that the indemnifying party shall not, in connection with any

or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (provided that local counsel may be retained to the extent necessary) for all such indemnified parties (treating the indemnified party and the persons referred to in subsection (e) below to which the provisions of this Section 8 shall extend as a single indemnified party for such purpose)), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include any statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and American General on the one hand and the Underwriters of the Designated Shares on the other hand from the offering of the Designated Shares to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above or is not entitled to receive the indemnification provided for in subsection (a) above because of the second proviso thereof, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and American General on the one hand and the Underwriters of the Designated Shares on the other hand in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and American General on the one hand and such Underwriters on the other hand shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by such Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and American General on the one hand or such Underwriters on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, including, with respect to any Underwriter, the extent to which such losses, claims, damages or liabilities (or actions in respect thereof) with respect to any Preliminary Prospectus result from the fact that such Underwriter sold Designated Shares to a person to whom there was not sent or given, at or prior to the written

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confirmation of such sale, a copy of the Prospectus as then amended or supplemented (excluding documents incorporated by reference) in any case where such delivery is required by the Act, if either the Company or American General has previously furnished copies thereof to such Underwriter and the loss, claim, damage or liability results from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in the Preliminary Prospectus which was corrected in the Prospectus (or the Prospectus as amended or supplemented). The Company, American General and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Designated Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Designated Shares in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to such Preferred Securities and not joint.

(e) The obligations of the Company and American General under this Section 8 shall be in addition to any liability which the Company and American General may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 8 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and American General and to each person, if any, who controls the Company and American General within the meaning of the Act.

9. (a) If any Underwriter shall default in its obligation to purchase the Firm Shares or Optional Shares which it has agreed to purchase under the Pricing Agreement relating to such Designated Shares, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Firm Shares or Optional Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Firm Shares or Optional Shares, as the case may be, then the Company and American General shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Firm Shares or Optional Shares on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company and American General that they have so arranged for the purchase of such Firm Shares or Optional Shares, or the Company and American General notify the Representatives that either the Company or American General have so arranged for the purchase of such Firm Shares or Optional Shares, the Representatives or the Company and American General shall have the right to postpone the applicable Time of Delivery for such Firm Shares or Optional Shares for

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a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus as amended or supplemented, or in any other documents or arrangements, and the Company and American General agree to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term "Underwriter," as used in this Agreement and the applicable Pricing Agreement, shall include any person substituted under this Section with like effect as if such person had originally been a party to the Pricing Agreement with respect to such Designated Shares.

(b) If, after giving effect to any arrangements for the purchase of the Firm Shares or Optional Shares, as the case may be, of a defaulting Underwriter or Underwriters by the Representatives and the Company and American General as provided in subsection (a) above, the aggregate number of such Firm Shares or Optional Shares which remains unpurchased does not exceed ten percent of the aggregate number of the Firm Shares or Optional Shares, as the case may be, to be purchased at the respective Time of Delivery, then the Company and American General shall have the right to require each non-defaulting Underwriter to purchase the number of Firm Shares or Optional Shares, as the case may be, which such Underwriter agreed to purchase under the Pricing Agreement relating to such Firm Shares or the Over-allotment Option relating to such Optional Shares, as the case may be, and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Firm Shares or Optional Shares, as the case may be, which such Underwriter agreed to purchase under such Pricing Agreement or Over-allotment Option) of the Firm Shares or Optional Shares, as the case may be, of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Firm Shares or Optional Shares, as the case may be, of a defaulting Underwriter or Underwriters by the Representatives and the Company and American General as provided in subsection (a) above, the aggregate number of Firm Shares or Optional Shares, as the case may be, which remains unpurchased exceeds ten percent of the aggregate number of the Firm Shares or Optional Shares, as the case may be, to be purchased at the respective Time of Delivery, as referred to in subsection (b) above, or if the Company and American General shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Firm Shares or Optional Shares, as the case may be, of a defaulting Underwriter or Underwriters, then the Pricing Agreement relating to such Firm Shares or the Over-allotment Option relating to such Optional Shares, as the case may be, shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company or American General, except for the expenses to be borne by the Company, American General and the Underwriters as provided in Section 6 hereof and the indemnity and contribution agreements in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company and American General and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company or American General, or any officer or director or controlling

person of the Company or American General, and shall survive delivery of and payment for the Preferred Securities.

11. If any Pricing Agreement or Over-allotment Option shall be terminated pursuant to Section 9 hereof, neither the Company nor American General shall then be under any liability to any Underwriter with respect to the Firm Shares or Optional Shares with respect to which such Pricing Agreement or Over-allotment Option shall have been terminated except as provided in Sections 6 and 8 hereof; but, if for any other reason Designated Shares are not delivered by or on behalf of the Company or American General as provided herein, the Company and American General, jointly and severally, will reimburse the Underwriters through the Representatives for all reasonable out-of-pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Designated Shares, but the Company or American General shall then be under no further liability to any Underwriter with respect to such Designated Shares except as provided in Sections 6 and 8 hereof.

12. In all dealings hereunder, the Representatives of the Underwriters of Designated Shares shall act on behalf of each of such Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly or by such of the Representatives, if any, as may be designated for such purpose in the applicable Pricing Agreement.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission if promptly confirmed in writing, to the address of the Representatives as set forth in the applicable Pricing Agreement; and if to the Company or American General shall be delivered or sent by mail, telex or facsimile transmission if promptly confirmed in writing to the address of American General set forth in the Registration Statement, Attention: Treasurer; provided, however, that any notice to an Underwriter pursuant to Section 8(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company and American General by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement and the Pricing Agreement relating to the applicable Designated Shares shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company, American General and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company and American General and each person who controls the Company, American General or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any such Pricing Agreement. No purchaser of any of the Preferred Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of each Pricing Agreement.

15. This Agreement and each Pricing Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in such State.

16. This Agreement and each Pricing Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be

deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

Very truly yours,

American General Delaware, L.L.C.
By: American General Delaware
Management Corporation, as
Managing Member

By:
Name:
Title:

American General Corporation

By:
Name:
Title:

ANNEX I

Pricing Agreement

[Name of Representative]
[Name(s) of Co-Representative(s),]
As Representatives of the several
Underwriters named in Schedule I hereto,
c/o [Name of Representative]
[Representative's Address]

, 19..

Ladies and Gentlemen:

American General Delaware, L.L.C., a Delaware limited liability company (the "Company"), and American General Corporation, a Texas corporation ("American General"), propose, subject to the terms and conditions stated herein and in the Underwriting Agreement, dated , 1995 filed as an exhibit to the registration statement filed by the Company and American General on Form S-3 (Nos. 33-58317, 33-58317-01, and 33-58317-02) and attached hereto (the "Underwriting Agreement"), to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") the Preferred Securities specified in Schedule II hereto (the "Designated Shares" consisting of Firm Shares and any Optional Shares the Underwriters elect to purchase).

The Designated Preferred Securities are exchangeable into American General Debt Securities as specified in Schedule II hereto, which are in turn convertible into shares of American General Common Stock or American General Preferred Stock, as specified in Schedule II hereto. The Designated Shares will be guaranteed by American General on a limited basis as to the payment of dividends and as to payments on redemption or liquidation (the "Guarantee").

Each of the provisions of the Underwriting Agreement is incorporated herein by reference in its entirety, and shall be deemed to be a part of this Pricing Agreement to the same extent as if such provisions had been set forth in full herein; and each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Pricing Agreement, except that each representation and warranty which refers to the Prospectus in Section 2 of the Underwriting Agreement shall be deemed to be a representation or warranty as of the date of the Underwriting Agreement in relation to the Prospectus (as therein defined), and also a representation and warranty as of the date of this Pricing Agreement in relation to the Prospectus as amended or supplemented with respect to the Designated Shares which are the subject of this Pricing Agreement. Each reference to the Representatives herein and in the provisions of the Underwriting Agreement so incorporated

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by reference shall be deemed to refer to you. Unless otherwise defined herein, terms defined in the Underwriting Agreement are used herein as therein defined. The Representatives designated to act on behalf of the Representatives and on behalf of each of the Underwriters of the Designated Shares pursuant to Section 12 of the Underwriting Agreement and the address of the Representatives referred to in such Section 12 are set forth in Schedule II hereto.

An amendment to the Registration Statement, or a supplement to the Prospectus, as the case may be, relating to the Designated Shares, in the form heretofore delivered to you, is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Underwriting Agreement incorporated herein by reference, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the time and place and at the purchase price to the Underwriters set forth in Schedule II hereto, the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and, (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares, as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company at the purchase price to the Underwriters set forth in Schedule II hereto that portion of the number of Optional Shares as to which such option shall have been exercised.

The Company hereby grants to each of the Underwriters the right to purchase at their option up to the number of Optional Shares set forth opposite the name of such Underwriter in Schedule I hereto on the terms referred to in the preceding paragraph for the sole purpose of covering over-allotments, if any, in the sale of the Firm Shares. Any such option to purchase Optional Shares may be exercised by written notice from the Representatives to the Company given within a period of 30 calendar days after the date of this Pricing Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives, but in no event earlier than the First Time of Delivery or, unless the Representatives and the Company otherwise agree in writing, no earlier than two or later than ten business days after the date of such notice.

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If the foregoing is in accordance with your understanding, please sign and return to us one counterpart hereof for the Company and one for American

General, one for each of the Representatives and one for each counsel, and upon acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof, including the provisions of the Underwriting Agreement incorporated herein by reference, shall constitute a binding agreement between each of the Underwriters and the Company and American General. It is understood that your acceptance of this letter on behalf of each of the Underwriters is or will be pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company and American General for examination, upon request, but without warranty on the part of the Representatives as to the authority of the signers thereof.

Very truly yours,

American General Delaware, L.L.C.
By: American General Delaware
Management Corporation, as
Managing Member

By: _____
Name:
Title:

American General Corporation

By: _____
Name:
Title:

Accepted as of the date hereof:

[Name of Representative]
[Name(s) of Co-Representative(s)]

By:

On behalf of each of the Underwriters

SCHEDULE I

<TABLE> <CAPTION>			
		NUMBER OF FIRM SHARES TO BE PURCHASED <C>	MAXIMUM NUMBER OF OPTIONAL SHARES WHICH MAY BE PURCHASED <C>
UNDERWRITER			
<S>			
[Name of Representative]			
[Name(s) of Co-Representative(s)]			
[Names of other Underwriters]			

Total

=====

=====

</TABLE>

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SCHEDULE II

Title of Designated Shares:

Number of Designated Shares:

Number of Firm Shares:

Maximum Number of Optional Shares:

Dividend Payments: Monthly on the last calendar day of the month, commencing
....., 19..., at an annual rate of% of the liquidation
preference per share

Liquidation Preference: \$..... per share, plus accumulated and unpaid
dividends to the date of payment

Conversion Provisions:

Exchange Provisions:

Redemption Provisions:

Initial Offering Price to Public: \$..... per share

Purchase Price by Underwriters: \$..... per share

Underwriters' Compensation: \$..... per share

Form of Designated Shares:

Book-entry-only form represented by one or more global securities
deposited with The Depository Trust Company ("DTC") or its designated
custodian, to be made available for checking by the Representatives at least
twenty-four hours prior to each Time of Delivery at the office of DTC.

Specified Funds for Payment of Purchase Price and Underwriters' Compensation:

[[New York] Clearing House (next day) funds]

Time of Delivery:

..... a.m. (New York City time),, 19..

Closing Location:

Names and addresses of Representatives:

Designated Representatives:

Address for Notices, etc.:

[Other Terms]:

Title of American General Debt Securities:

Aggregate Principal Amount:

Interest Payments: Monthly on the last calendar day of the month, commencing
....., 19..., at an annual rate of%

Maturity Date:

Conversion Provisions:

Redemption Provisions:

ANNEX II

Pursuant to subsection 7(e) of the Underwriting Agreement, the accountants shall furnish letters to the Underwriters to the effect that they are independent auditors with respect to American General and its subsidiaries as required by the Act and by the published rules and regulations of the Commission thereunder and to the further effect that:

(i) In their opinion the financial statements of American General and its subsidiaries audited by them and included or incorporated by reference in the Registration Statement and Prospectus, comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the applicable published rules and regulations thereunder;

(ii) On the basis of a reading of the unaudited financial statements and any other unaudited financial statement data included or incorporated by reference in the Registration Statement and Prospectus, a reading of the latest available interim unaudited financial statements of American General and its subsidiaries ("Interim Financials"), if any, a reading of any unaudited pro forma financial statements included or incorporated by reference in the Registration Statement and Prospectus and a reading of the minutes of American General's shareholders' meetings, the meetings of the Board of Directors, the Executive Committee of the Board of Directors, the Audit Committee of the Board of Directors, and the Terms Committee of the Board of Directors since the end of the most recent fiscal year with respect to which an audit report has been issued and inquiries of and discussions with certain officials of American General responsible for accounting and financial matters with respect to the unaudited financial statements and any other unaudited financial statement data included or incorporated by reference in the Registration Statement and Prospectus, any Interim Financials, and any unaudited pro forma financial statements included or incorporated by reference in the Registration Statement and Prospectus, and as to whether (1) as of a specified date not more than five days prior to the date of the letter, there was any change in the consolidated capital stock (other than issuances of capital stock upon the exercise of options or for purposes of employee compensation plans, upon earn-outs of performance shares, upon conversions of convertible securities and upon the exercise of put options, in each case which were outstanding on the date of the latest balance sheet included or incorporated by reference in the Prospectus) or any increase in consolidated long-term debt of American General and its subsidiaries (except for increases due to accretion of discount on original issue discount securities, if any) or any decrease in the consolidated net assets of American General and its subsidiaries (before considering the effect of unrealized gains and losses on debt and equity securities classified as "available-for-sale" under Statement of Financial Accounting Standards (SFAS) No. 115) as compared with the amounts shown on the most recent consolidated balance sheet of American General and its subsidiaries included or incorporated by reference in the Registration Statement and Prospectus (the "Recent Balance Sheet") or (2) during the period,

if any, from the date of the Recent Balance Sheet to the date of the most recent balance sheet included in the Interim Financials (the "Interim Period") there was any decrease, as compared with the corresponding period in the preceding year, in consolidated total revenues or in consolidated net income of American General and its subsidiaries, or (3) during the period from the date of the Interim Financials or, if there are no Interim Financials, from the date of the Recent Balance Sheet to a specified date not more than five days prior to the date of the letter there was any decrease, as compared with the corresponding

period in the preceding year, in consolidated total revenues or in consolidated net income of American General and its subsidiaries, which reading, inquiries and discussions would not necessarily reveal changes in the financial position or results of operations or inconsistencies in the application of generally accepted accounting principles or other matters of significance with respect to the following, nothing has come to their attention which would lead them to believe that (A) the unaudited financial statements of American General and its subsidiaries included or incorporated by reference in the Registration Statement and Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act and the published rules and regulations thereunder or that those unaudited financial statements were not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included or incorporated by reference therein, (B) the Interim Financials, if any, were not determined on a basis substantially consistent with that of the audited consolidated financial statements included or incorporated by reference in the Registration Statement and Prospectus, (C) any other unaudited financial statement data included or incorporated by reference in the Registration Statement and Prospectus do not agree with the corresponding items in the unaudited financial statements from which such data were derived or any such unaudited financial statement data were not determined on a basis substantially consistent with the corresponding amounts in the audited financial statements included or incorporated by reference in the Registration Statement and Prospectus, (D) any unaudited pro forma financial statements included or incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements, (E) (1) as of the date of the Interim Financials, if any, and as of a specified date not more than five days prior to the date of the letter, there was any change in the consolidated capital stock (other than issuances of capital stock upon the exercise of options or for purposes of employee compensation plans, upon earn-outs of performance shares, upon conversions of convertible securities and upon the exercise of put options, in each case which were outstanding on the date of the latest balance sheet included or incorporated by reference in the Prospectus) or any increase in consolidated long-term debt of American General and its subsidiaries (except for increases due to accretion of discount on original issue discount securities, if any) or any decrease in the consolidated net assets of American General and its subsidiaries (before considering the effect of unrealized gains and losses on debt and equity securities classified as "available-for-sale" under Statement of Financial Accounting Standards (SFAS) No. 115) as compared with the amounts shown on the Recent Balance Sheet or (2) during any Interim Period, there was any decrease, as compared with the corresponding period in the preceding year, in consolidated total revenues or in consolidated net income of American General and its subsidiaries, or (3) during the period from

the date of the Interim Financials or, if there are no Interim Financials, from the date of the Recent Balance Sheet to a specified date not more than five days prior to the date of the letter there was any decrease, as compared with the corresponding period in the preceding year, in consolidated total revenues or in consolidated net income of American General and its subsidiaries except in each such case for (1), (2) and (3) as set forth in or contemplated by the Registration Statement and Prospectus or except for such exceptions as may be enumerated in such letter; and

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(iii) In addition to the limited procedures referred to in clause (ii) above, they have carried out certain other specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information which are derived from the general financial and accounting records of American General and its subsidiaries, which are included or incorporated by reference in the Registration Statement and Prospectus and which are specified by the Representatives and have compared such amounts, percentages and financial information with the financial and accounting records of American General and its subsidiaries and have found them to be in agreement.

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AMERICAN GENERAL CAPITAL, L.L.C.

PREFERRED SECURITIES
GUARANTEED BY
AMERICAN GENERAL CORPORATION

UNDERWRITING AGREEMENT

, 1995

TO THE REPRESENTATIVES OF THE
SEVERAL UNDERWRITERS NAMED
IN THE RESPECTIVE PRICING
AGREEMENTS HEREINAFTER DESCRIBED

Ladies and Gentlemen:

From time to time American General Capital, L.L.C., a Delaware limited liability company (the "Company"), and American General Corporation, a Texas corporation ("American General"), propose to enter into one or more Pricing Agreements (each, a "Pricing Agreement") in the form of Annex I hereto, with such additions and deletions as the parties thereto may determine, and, subject to the terms and conditions stated herein and therein, to issue and sell to the firms named in Schedule I to the applicable Pricing Agreement (such firms constituting the "Underwriters" with respect to such Pricing Agreement and the securities specified therein) certain preferred limited liability company interests in the Company (the "Preferred Securities"), which will be guaranteed on a limited basis by American General. The shares of Preferred Securities specified in Schedule II to such Pricing Agreement as firm shares are referred to as the "Firm Shares" with respect to such Pricing Agreement and the shares of Preferred Securities represented by such Pricing Agreement are referred to as the shares of "Designated Preferred Securities" with respect to such Pricing Agreement. If specified in such Pricing Agreement, the Company may grant the Underwriters the right to purchase at their election an additional number of shares of Preferred Securities, specified as provided in such Pricing Agreement as provided in Section 3 hereof (the "Optional Shares"). The Firm Shares and the Optional Shares, if any, which the Underwriters elect to purchase pursuant to Section 3 hereof are herein collectively referred to as the "Designated Shares". The Designated Preferred Securities may be exchangeable into debt securities of American General (the "American General Debt Securities"), as specified in Schedule II to such Pricing Agreement. The Designated Shares will be guaranteed by American General (to the extent set forth in the Prospectus (hereinafter defined) with respect to such Designated Shares (the "Guarantee")).

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The terms and rights of any particular issuance of Designated Shares shall be as specified in the Pricing Agreement relating thereto.

1. Particular sales of Designated Shares may be made from time to time to the Underwriters of such Preferred Securities, for whom the firms designated as representatives of the Underwriters of such Preferred Securities in the Pricing Agreement relating thereto will act as representatives (the "Representatives"). The term "Representatives" also refers to a single firm

acting as sole representative of the Underwriters and to Underwriters who act without any firm being designated as their representative. This Underwriting Agreement shall not be construed as an obligation of the Company to issue or sell any of the Preferred Securities or as an obligation of any of the Underwriters to purchase any of the Preferred Securities. The obligation of the Company to issue and sell any of the Preferred Securities and the obligation of any of the Underwriters to purchase any of the Preferred Securities shall be evidenced by the Pricing Agreement with respect to the Designated Shares specified therein. Each Pricing Agreement shall specify the aggregate number of the Firm Shares, the maximum number of Optional Shares, if any, the initial public offering price of such Firm and Optional Shares or the manner of determining such price, the variable terms of the Designated Shares, including the terms on which and terms of the American General Debt Securities into which the Designated Shares will be exchangeable, the form of the Designated Shares, the purchase price to the Underwriters of such Designated Shares, the names of the Underwriters of such Designated Shares, the names of the Representatives of such Underwriters, the number of such Designated Shares to be purchased by each Underwriter and the commission, if any, payable to the Underwriters with respect thereto and shall set forth the date, time and manner of delivery of such Firm and Optional Shares, if any, and payment therefor. A Pricing Agreement shall be in the form of an executed writing (which may be in counterparts), and may be evidenced by an exchange of telegraphic communications or any other rapid transmission device designed to produce a written record of communications transmitted. The obligations of the Underwriters under this Agreement and each Pricing Agreement shall be several and not joint.

2. Each of the Company and American General, jointly and severally, represents and warrants to, and agrees with, each of the Underwriters that:

(a) A registration statement on Form S-3 (Registration Nos. 33-58317, 33-58317-01, 33-58317-02) in respect of, among other securities, the Preferred Securities, the Guarantee and the American General Debt Securities has been filed with the Securities and Exchange Commission (the "Commission"); such registration statement and any post-effective amendment thereto, each in the form heretofore delivered or to be delivered to the Representatives and, excluding exhibits to such registration statement, but including all documents incorporated by reference in the prospectus included therein, to the Representatives for each of the other Underwriters, have been declared effective by the Commission in such form; no other document with respect to such registration statement or document incorporated by reference therein has heretofore been filed, or transmitted for filing, with the Commission (other than prospectuses filed pursuant to Rule 424(b) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "Act"), each in the form heretofore delivered to the Representatives); and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in such registration statement or filed with the Commission pursuant to Rule 424(a) under the Act is

hereinafter called a "Preliminary Prospectus"; the various parts of such registration statement, including all exhibits thereto and including (i), if applicable, the information contained in the form of

prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the registration statement at the time it was declared effective and (ii) the documents incorporated by reference in the prospectus contained in the registration statement at the time such part of the registration statement became effective, but excluding Form T-1, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "Registration Statement"; the prospectus relating to the Preferred Securities, the Guarantee and the American General Debt Securities in the form in which it has most recently been filed, or transmitted for filing, with the Commission on or prior to the date of this Agreement, is hereinafter called the "Prospectus"; any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to the applicable form under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of American General filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any reference to the Prospectus as amended or supplemented shall be deemed to refer to the Prospectus as amended or supplemented in relation to the applicable Designated Shares in the form in which it is filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof, including any documents incorporated by reference therein as of the date of such filing);

(b) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and, when read together with the other information included or incorporated by reference in the Prospectus at such time, none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto during the period during which delivery of a prospectus is required in connection with the offering or sale of the Designated Shares, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and, when read together with the other information included or incorporated by reference in the Prospectus and any such further amendment or supplement thereto at the time such documents become effective or are filed with the Commission, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein

not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company or American General by an Underwriter of Designated Shares through the Representatives expressly for use in the Prospectus as amended or supplemented;

(c) The Registration Statement and the Prospectus conform, and any further amendments or supplements to the Registration Statement or the Prospectus during the period during which delivery of a prospectus is required in connection with the offering or sale of the Designated Shares will conform, in all material respects to the applicable requirements of the Act, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to the Registration Statement and any amendment thereto and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto (in each case during the period during which delivery of a prospectus is required in connection with the offering and sale of the Designated Shares), contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company or American General by an Underwriter of Designated Shares through the Representatives expressly for use in the Prospectus as amended or supplemented relating to such Shares;

(d) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change, or any development or event involving a prospective material adverse change, in the business, financial condition, shareholders' equity (without considering the effect of unrealized gains and losses on debt and equity securities classified as "available-for-sale" under Statement of Financial Accounting Standards (SFAS) No. 115) or results of operations of the Company or of American General and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Prospectus;

(e) The Company has been duly organized and is validly existing as a limited liability company in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction;

(f) The Company is not a party to or bound by any agreement or instrument other than this Agreement and the Amended and Restated Limited Liability Company Agreement, dated [to be dated] _____, 1995, of the Company (the "LLC Agreement"); and the Company has no liabilities or obligations other than those arising out of the transactions contemplated by this Agreement and those described in the

(g) American General has been duly incorporated and is validly existing as a corporation under the laws of the State of Texas with corporate power and authority to own its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases substantial properties, or conducts business, and where the failure so to qualify and be in good standing would have a material adverse effect on the business of American General and its subsidiaries taken as a whole; each consolidated subsidiary of American General the consolidated assets of which constitute 15 percent or more of the consolidated assets of American General (herein the "Selected Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, has corporate power and authority to own or lease its properties and conduct its business as described in the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases substantial properties, or conducts business, and where the failure so to qualify and be in good standing would have a material adverse effect on the business of American General and its subsidiaries taken as a whole; and American General and each of its Selected Subsidiaries has all required authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies (including, without limitation, each insurance commission having jurisdiction over American General or any insurance subsidiary of American General) to own or lease its properties and conduct its business as described in the Prospectus, except such authorizations, approvals, orders, licenses, certificates and permits which, if not obtained, would not have a material adverse effect on the business of American General and its subsidiaries taken as a whole, and neither American General nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such authorization, approval, order, license, certificate or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially adversely affect the business of American General and its subsidiaries taken as a whole;

(h) All of the issued and outstanding shares of capital stock of each of the Selected Subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable, and (except for directors' qualifying shares) are owned directly or indirectly by American General, free and clear of all liens and encumbrances;

(i) All of the issued and outstanding limited liability company interests of the Company have been duly authorized and validly issued, are fully paid and non-assessable, and (other than any Preferred Securities previously sold hereunder) are owned directly or indirectly by American General, free and clear of all liens and encumbrances, and conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(j) The authorized, issued and outstanding capital stock

of American General is as set forth in the Prospectus (except for subsequent issuances, if any, pursuant to employee benefit plans or the exercise of convertible securities or options referred to in the Prospectus); and all of the issued and outstanding shares of capital stock of American General have been duly authorized and validly issued and are fully paid and

nonassessable, and conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(k) The Preferred Securities have been duly and validly authorized and, when the Firm Shares are issued and delivered against payment therefor pursuant to this Agreement and the Pricing Agreement with respect to such Designated Shares and, in the case of any Optional Shares, pursuant to the Over-allotment Options (as defined in Section 3 hereof) with respect to such Preferred Securities, such Designated Shares will be duly and validly issued and fully paid and nonassessable and will not be subject to preemptive or other similar rights; the Preferred Securities conform in all material respects to the description thereof contained in the Registration Statement and the Designated Shares will conform in all material respects to the description thereof contained in the Prospectus as amended or supplemented with respect to such Designated Shares; and the Designated Shares will have the rights set forth in the LLC Agreement, and the terms of the Designated Shares are valid and binding on the Company;

(l) The issue and sale of the Preferred Securities by the Company, the purchase of the American General Debt Securities by the Company, the exchange by the Company of American General Debt Securities for Preferred Securities, the compliance by the Company with all of the provisions of this Agreement, any Pricing Agreement and each Over-allotment Option, if any, and the consummation of the other transactions contemplated herein and therein will not result in any violation of (i) the provisions of the Certificate of Formation of the Company or the LLC Agreement or (ii) to the best knowledge of the Company, any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties, in any manner which, in the case of clause (ii), would have a material adverse effect on the business of the Company; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Preferred Securities by the Company, the purchase of the American General Debt Securities by the Company, the exchange by the Company of American General Debt Securities for Preferred Securities, or the consummation by the Company of the other transactions contemplated by this Agreement or any Pricing Agreement or any Over-allotment Option, except such as have been, or will have been prior to each Time of Delivery (as defined in Section 4 hereof), obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Preferred Securities by the Underwriters;

(m) The issue and sale of the Preferred Securities by the Company, the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the exchange by the Company of American General Debt Securities for Preferred Securities, the compliance by each of the Company and American General with all of the provisions of this Agreement, any Pricing Agreement, each Over-allotment Option, if any, the Guarantee, the American General Debt Securities and the Indenture, and the consummation of the other transactions contemplated herein and therein will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust,

loan agreement or other agreement or instrument for money borrowed to which American General or any of the Selected Subsidiaries is a party or by which American General or any of the Selected Subsidiaries is bound or to which any of the property or assets of American General or any of the Selected Subsidiaries is subject, or (ii) result in any violation of (x) the provisions of the Restated Articles of Incorporation, as amended, or the Amended and Restated Bylaws of American General or (y) to the best knowledge of American General, any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over American General or any of the Selected Subsidiaries or any of their properties, in any manner which, in the case of clauses (i) and (ii) (y), would have a material adverse effect on the business of American General and its subsidiaries taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the exchange by the Company of American General Debt Securities for Preferred Securities, or the consummation by American General of the other transactions contemplated by this Agreement, any Pricing Agreement or Over-allotment Option, the Indenture or the Guarantee, except such as have been, or will have been prior to each Time of Delivery, obtained under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Preferred Securities by the Underwriters;

(n) Other than as set forth or contemplated in the Prospectus, there are no legal or governmental proceedings pending to which the Company, American General or any of the Selected Subsidiaries is a party or of which any property of the Company, American General or any of the Selected Subsidiaries is the subject, which, individually or in the aggregate, are expected to have a material adverse effect on the business, financial condition or results of operations of the Company or of American General and its subsidiaries taken as a whole; and, to the best of the Company's and American General's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(o) Neither the Company nor American General is and, after giving effect to the issue and sale of the Preferred Securities

and the American General Debt Securities, respectively, will not be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(p) The American General Debt Securities have been duly and validly authorized and, when executed and authenticated pursuant to the Indenture, dated [to be dated] as of _____, 1995 (the "Indenture"), between American General and Chemical Bank, as trustee (the "Trustee"), and issued and delivered against payment therefor as contemplated by this Agreement and the Pricing Agreement with respect to the Designated Shares, will be duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of American General, enforceable against American General in accordance with their terms and entitled to the benefits of the Indenture, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights

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and to general equity principles; the Indenture has been duly and validly authorized by American General and, when duly executed and delivered by American General, will constitute a valid and legally binding instrument of American General, enforceable against American General in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Indenture has been duly qualified under the Trust Indenture Act; and the American General Debt Securities and the Indenture will conform in all material respects with the descriptions thereof contained in the Prospectus as amended or supplemented;

(q) The Guarantee has been duly and validly authorized by American General and, when executed and delivered by American General as contemplated by this Agreement, will have been duly executed, issued and delivered and will constitute a valid and legally binding obligation of American General, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Guarantee conforms in all material respects with the description thereof contained in the Prospectus;

(r) The LLC Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the LLC Agreement conforms in all material respects to the description thereof contained in the Prospectus;

(s) Neither the Company or American General nor any of their affiliates does business with the government of Cuba or with any person or affiliate located in Cuba within the meaning of Section

(t) Neither the Company nor American General has taken or will take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in a violation of the provisions of Rule 10b-6 or Rule 10b-7 under the Exchange Act.

3. Upon the execution of the Pricing Agreement applicable to any Designated Shares and the authorization by the Representatives of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus as amended or supplemented.

The Company may specify in the Pricing Agreement applicable to any Designated Shares that the Company thereby grants to the Underwriters the right (an "Over-allotment Option") to purchase at their election up to the number of Optional Shares set forth in such Pricing Agreement, on the same terms as the Firm Shares, for the sole purpose of covering over-allotments in the sale of the Firm Shares. Any such election to purchase Optional Shares may be exercised by written notice from the Representatives to the Company, given within a period specified in such Pricing Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined

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by the Representatives but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless the Representatives and the Company otherwise agree in writing, earlier than or later than the respective number of business days after the date of such notice set forth in such Pricing Agreement.

The number of Optional Shares to be added to the number of Firm Shares to be purchased by each Underwriter as set forth in Schedule I to the Pricing Agreement applicable to such Designated Shares shall be, in each case, the number of Optional Shares which the Company has been advised by the Representatives have been attributed to such Underwriter; provided that, if the Company has not been so advised, the number of Optional Shares to be so added shall be, in each case, that proportion of Optional Shares which the number of Firm Shares to be purchased by such Underwriter under such Pricing Agreement bears to the aggregate number of Firm Shares (rounded as the Representatives may determine to the nearest 100 shares). The total number of Designated Shares to be purchased by all the Underwriters pursuant to such Pricing Agreement shall be the aggregate number of Firm Shares set forth in Schedule I to such Pricing Agreement plus the aggregate number of Optional Shares which the Underwriters elect to purchase.

As compensation to the Underwriters for their commitments hereunder, and in view of the fact that the proceeds of the sale of the Designated Shares will be used by the Company to purchase the American General Debt Securities, American General hereby agrees to pay at each Time of Delivery to the Representatives, for the accounts of the several Underwriters, an amount per share specified in the applicable Pricing Agreement for the Designated Shares to be delivered hereunder at such Time of Delivery.

4. The Firm Shares and the Optional Shares to be purchased by each Underwriter pursuant to the Pricing Agreement relating thereto, in the

form specified in such Pricing Agreement, shall be delivered by or on behalf of the Company to the Representatives, through the facilities of The Depository Trust Company ("DTC"), for the account of each such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by certified or official bank check or checks, payable to the order of the Company, or, if set forth in such Pricing Agreement, wire transfer to the account specified by the Company in the funds specified in such Pricing Agreement, (i) with respect to the Firm Shares, all in the manner and at the place and time and date specified in such Pricing Agreement or at such other place and time and date as the Representatives and the Company may agree upon in writing (such time and date being herein called the "First Time of Delivery") and (ii) with respect to the Optional Shares, if any, in the manner and at the time and date specified by the Representatives in the written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or at such other time and date as the Representatives and the Company may agree upon in writing (such time and date, if not the First Time of Delivery, being herein called the "Second Time of Delivery"). Each such time and date for delivery is herein called a "Time of Delivery".

At each Time of Delivery, American General will pay, or cause to be paid, the compensation payable at such Time of Delivery to the Underwriters under Section 3 hereof in the same funds and manner as the purchase price for the Designated Shares to be paid by the Underwriters to the Company (any such certified or official bank check or checks to be payable to the order of the Representatives and any such wire transfer to be to the account specified by the Representatives).

5. Each of the Company and American General, jointly and severally, agrees with each of the Underwriters of any Designated Shares:

(a) To prepare the Prospectus as amended and supplemented in relation to the applicable Designated Shares in a form reasonably approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act within the time period prescribed under Rule 424(b) or Rule 430(a)(3), as the case may be, under the Act; except as otherwise required by law, to make no further amendment or any supplement to the Registration Statement or Prospectus as amended or supplemented after the date of the Pricing Agreement relating to such Designated Shares and prior to any Time of Delivery for such Designated Shares which shall be reasonably disapproved by the Representatives for such Designated Shares promptly after reasonable notice thereof; for so long as the delivery of a prospectus is required in connection with the offering or sale of such Designated Shares, to file promptly all reports and any definitive proxy or information statements required to be filed by American General or the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act and to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any supplement to the Prospectus or any amended Prospectus has been filed or transmitted for filing with the Commission, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to such Designated Shares, of the suspension of the qualification of such Designated Shares, the Guarantee or the American General Debt Securities for offering or sale in any jurisdiction, of the initiation or threatening of any

proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or Prospectus or for additional information; and, in the event of the issuance of any such stop order or of any such order preventing or suspending the use of any prospectus relating to such Designated Shares, or suspending any such qualification, promptly to use its best efforts to obtain the withdrawal of such order;

(b) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Preferred Securities, the Guarantee and the American General Debt Securities for offering and sale under the securities and insurance laws of such jurisdictions as the Representatives may reasonably request and to comply with such laws to the extent necessary to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Preferred Securities; provided, however, that in connection therewith neither the Company nor American General shall be required to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to file a general consent to service of process in any jurisdiction;

(c) To furnish the Underwriters with copies of the Prospectus as amended or supplemented in such quantities as the Representatives may from time to time reasonably request, and, if the delivery of a prospectus is required at any time in connection with the offering or sale of the applicable Designated Shares, the Guarantee or the American General Debt Securities and if at such time any event shall have occurred or condition exist as a result of which the Prospectus, as it may then be amended or supplemented, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light

of the circumstances under which they were made when such Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period, in the opinion of the Representatives or American General, to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act, the Exchange Act or the Trust Indenture Act, to notify the Representatives of such event, condition, filing, amendment or supplement and upon the Representative's request to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance;

(d) In the case of American General, to make generally available to its security holders as soon as practicable, but in any event not later than 90 days following the close of the period covered thereby, an earnings statement, covering a twelve-month period beginning not later than the first day of American General's fiscal quarter next following the "effective date" (as defined in Rule 158(c) under the Act) of the Registration Statement, of American General and

its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including Rule 158);

(e) During the period beginning from the date of the Pricing Agreement relating to the applicable Designated Shares and continuing to and including the last Time of Delivery for such Designated Shares, not to offer, sell, contract to sell or otherwise dispose of any Designated Shares or other limited liability company interests in the Company, or any preferred stock or any other securities of the Company or American General that are substantially similar to the Designated Shares (including the Guarantee), or any securities convertible into or exchangeable for Designated Shares, limited liability company interests, preferred stock or such substantially similar securities of either the Company or American General, other than the applicable Designated Shares, without the prior consent of the Representatives;

(f) To use the net proceeds received by it from the sale of the applicable Designated Shares and the American General Debt Securities as contemplated in this Agreement in the manner specified in the Prospectus as amended or supplemented under the caption "Use of Proceeds";

(g) To use its best efforts to list, subject to notice of issuance, (i) the applicable Designated Shares, and (ii) the American General Debt Securities, upon any distribution thereof to holders of such Designated Shares; and

(h) In the case of American General, to issue and deliver the Guarantee and the American General Debt Securities concurrently with the issuance and sale of the applicable Designated Shares.

6. Each of the Company and American General jointly and severally covenants and agrees with the several Underwriters to pay or cause to be paid the following: (i) the fees, disbursements and expenses of their counsel and accountants in connection with the registration under the Act of the Preferred Securities, the Guarantee and the American General Debt Securities and all other expenses in connection with the preparation, printing and filing of the

Registration Statement, any Preliminary Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, any Pricing Agreement, the LLC Agreement, the Indenture, the American General Debt Securities, the Guarantee, any Blue Sky survey(s), closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Preferred Securities; (iii) all expenses in connection with the qualification of the Preferred Securities, the Guarantee and the American General Debt Securities for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey(s); (iv) any fees charged by securities rating services for rating the Preferred Securities; (v) any filing fees incident to, and the fees and disbursements of counsel for the Underwriters in connection with, any required reviews by the National

Association of Securities Dealers, Inc. of the terms of the sale of the Preferred Securities; (vi) any fees and expenses in connection with listing on one or more securities exchanges and under the Exchange Act of the Preferred Securities and, if applicable, any American General Debt Securities distributed to holders of the Preferred Securities; (vii) the cost of preparing certificates, if any, for the Preferred Securities and any American General Debt Securities; (viii) the cost and charges of any transfer agent or registrar or dividend disbursing agent; (ix) the cost of qualifying the Preferred Securities and the American General Debt Securities with The Depository Trust Company; (x) the cost and charges of the Conversion Agent, if any; (xi) the fees and expenses of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture and the American General Debt Securities; and (xii) all other costs and expenses incident to the performance of its obligations hereunder and under any Over-allotment Options which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 8 and 11 hereof, the Underwriters will pay all of their own costs and expenses, including the fees and disbursements of their own counsel, transfer taxes on resale of any of the Preferred Securities by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Underwriters of any Designated Shares under the Pricing Agreement relating to such Designated Shares shall be subject, in the discretion of the Representatives, to the condition that all representations and warranties of the Company and American General in or incorporated by reference in such Pricing Agreement are, at and as of each Time of Delivery for such Designated Shares, true and correct, the condition that the Company and American General shall have performed all of their respective obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus as amended or supplemented in relation to such Designated Shares shall have been filed with the Commission pursuant to Rule 424(b) [and Rule 430A(a)(3)] within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the Representatives' reasonable satisfaction;

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(b) Brown & Wood, counsel for the Underwriters, shall have furnished to the Representatives such opinion or opinions, dated each Time of Delivery for such Designated Shares, with respect to the incorporation of American General and the organization of the Company, the validity of the Designated Shares and the American General Debt Securities being delivered at each Time of Delivery and with respect to the Registration Statement, the Prospectus and other related matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters (in rendering such opinion or opinions, Brown & Wood may rely as to matters of Texas Law upon the opinions of Vinson & Elkins L.L.P. (or other counsel licensed to practice in the State of Texas) and of the

General Counsel of American General referred to in subsections 7(c) and 7(d), respectively);

(c) Vinson & Elkins L.L.P., counsel for the Company and American General, or such other counsel satisfactory to the Representatives as shall be indicated in the applicable Pricing Agreement, shall have furnished to the Representatives their written opinion, dated each Time of Delivery for such Designated Shares, in form and substance satisfactory to the Representatives, to the effect that:

(i) The Company has been duly formed and is validly existing as a limited liability company in good standing under the laws of Delaware and has the limited liability company power under the Delaware Limited Liability Company Act (the "Delaware Act") and the LLC Agreement necessary to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) All of the issued and outstanding Common Securities of the Company have been duly authorized and validly issued, are fully paid and, except as described in the Prospectus as amended or supplemented, nonassessable, are not subject to preemptive or other similar rights, conform in all material respects to the descriptions thereof contained in the Prospectus as amended or supplemented, and are owned directly or indirectly by American General, free and clear of all liens and encumbrances; and the Designated Shares being delivered at such Time of Delivery have been duly authorized, and, when issued and delivered against payment therefor as provided herein, will be validly issued, fully paid and (subject to the obligation of the holders of such Designated Shares to repay any funds wrongfully distributed to them) non-assessable preferred limited liability company interests in the Company and such Designated Shares will conform in all material respects to the descriptions thereof contained in the Prospectus, as amended or supplemented;

(iii) The Company has been duly qualified as a foreign limited liability company for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction (such counsel being entitled to rely in respect of the opinion in this clause (iii) upon opinions of local counsel and in respect of matters of fact upon certificates of public officials or officers of American General, provided that such counsel shall state that they believe that they are justified in so relying upon such opinions and certificates);

(iv) This Agreement and the Pricing Agreement with respect to the applicable Designated Shares have been duly authorized, executed and delivered by each of the Company and American General;

(v) The issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities being purchased at such Time of Delivery, the exchange by the Company of American General

Debt Securities for such Designated Shares, the compliance by the Company with all of the provisions of this Agreement and the Pricing Agreement with respect to such Designated Shares and the related Over-allotment Option, if any, and the consummation of the other transactions contemplated herein and therein will not result in any violation of the provisions of the Certificate of Formation of the Company or the LLC Agreement or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its properties (other than any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties solely as a result of the Company's affiliation with American General or its subsidiaries); and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, or the consummation by the Company of the other transactions contemplated by this Agreement, such Pricing Agreement or the related Over-allotment Option, if any, other than any such consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body having jurisdiction over the Company or any of its properties solely as a result of the Company's affiliation with American General or its subsidiaries and except such as have been obtained prior to such Time of Delivery under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Designated Shares by the Underwriters;

(vi) The statements set forth in the Prospectus as amended or supplemented under the captions "Description of the Preferred Securities," "Description of the Guarantees," "Description of the Junior Subordinated Debentures," and "Description of American General Common Stock", and any similar caption in the Prospectus as amended or supplemented with respect to the Designated Shares, insofar as they purport to constitute a summary of the terms of the Preferred Securities (including the Designated Shares), the Guarantee, the American General Debt Securities, and the American General Common Stock, respectively, are accurate summaries in all material respects and fairly present the information set forth therein;

(vii) Such counsel confirms their opinion filed as Exhibit 8.1 to the Registration Statement;

(viii) The American General Debt Securities have been duly and validly authorized and, when executed and authenticated pursuant to the Indenture and issued and delivered against payment therefor as contemplated by this Agreement and the

applicable Pricing Agreement, will be duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of American General, enforceable against American General

in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditor's rights and to general equity principles, and will be entitled to the benefits provided by the Indenture; the American General Debt Securities are in the form authorized in or pursuant to the Indenture; the Indenture has been duly authorized, executed and delivered by American General and constitutes a valid and legally binding instrument of American General, enforceable against American General in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Indenture has been duly qualified under the Trust Indenture Act; and the American General Debt Securities and the Indenture conform in all material respects to the descriptions thereof contained in the Prospectus as amended or supplemented;

(ix) The Guarantee has been duly and validly authorized by American General and, when executed and delivered as contemplated by this Agreement, will have been duly executed, issued and delivered and will constitute a valid and legally binding obligation of American General, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Guarantee conforms in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(x) The LLC Agreement has been duly and validly authorized, executed and delivered by American General and American General Delaware Management Corporation and constitutes a valid and legally binding agreement of American General and American General Delaware Management Corporation, enforceable against American General and American General Delaware Management Corporation in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the LLC Agreement conforms in all material respects to the description thereof contained in the Prospectus as amended or supplemented;

(xi) Neither the Company nor American General is and, after giving effect to the issue and sale of the applicable Designated Shares and the American General Debt Securities, will not be an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act;

(xii) The documents incorporated by reference in the Prospectus as amended or supplemented (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), when they became effective or were filed with the Commission, as the case may be, appeared on their face to comply as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder; and

(xiii) The Registration Statement and the Prospectus as amended or supplemented, and any further amendments and supplements thereto made by American

General or the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), each appears on its face to comply as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the respective rules and regulations thereunder; although such counsel has not independently verified and is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, except for those referred to in the opinion in subsection (vi) of this Section 7(c), such counsel has no reason to believe that, as of its effective date, the Registration Statement or any further amendment thereto made by the Company or American General prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that, as of its date, the Prospectus as amended or supplemented or any further amendment or supplement thereto made by the Company or American General prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or that, as of such Time of Delivery, either the Registration Statement or the Prospectus as amended or supplemented or any further amendment or supplement thereto made by the Company or American General prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(d) The General Counsel or the Associate General Counsel - Corporate/Finance of the Company shall have furnished to the Representatives his or her written opinion, dated each Time of Delivery, in form and substance satisfactory to the Representatives, to the effect that:

(i) American General has been duly incorporated and is validly existing as a corporation in good standing under the laws of Texas, with corporate power and authority to own its properties and conduct its business as described in the Prospectus as amended or supplemented;

(ii) American General has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, or conducts any business, so as to require such qualification, and where the failure so to qualify and be in good standing would have a material adverse effect on the business of American General and its subsidiaries taken as a whole (such counsel being entitled to rely in respect of the opinion in this clause (ii) upon opinions of local counsel and in respect of matters of fact upon certificates of public officials or officers of American General, provided that such counsel shall state that he or she believes that he or she is justified in so relying upon such opinions and certificates);

(iii) Each of the Selected Subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation; to the knowledge of such counsel, each of the Selected Subsidiaries has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases substantial properties, or conducts business, and where the failure to so qualify would have a material adverse effect on the business of American General and its subsidiaries taken as a whole; and all of the outstanding shares of capital stock of each Selected Subsidiary have been duly authorized and validly issued, are fully paid and nonassessable, and (except for directors' qualifying shares) are owned, directly or indirectly, by American General, free and clear of all liens and encumbrances; and, to the knowledge of such counsel, American General and each of the Selected Subsidiaries has all required authorizations, approvals, orders, licenses, certificates and permits of and from all governmental regulatory officials and bodies (including, without limitation, each insurance commission having jurisdiction over American General or any insurance subsidiary of American General) to own or lease its properties and to conduct its business as described in the Prospectus as amended or supplemented, except such authorizations, approvals, orders, licenses, certificates and permits which, if not obtained, would not have a material adverse effect on the business of American General and its subsidiaries taken as a whole (such counsel being entitled to rely in respect of the opinion in this clause (iii) upon opinions (in form and substance satisfactory to the Representatives) of local counsel and of counsel for the Selected Subsidiaries, such counsel being acceptable to counsel for the Underwriters, copies of which shall be furnished to the Representatives; and in respect of matters of fact upon certificates of officers of American General or the Selected Subsidiaries, provided that such counsel shall state that he or she believes that he or she is justified in relying upon such opinions and certificates);

(iv) To the best knowledge of such counsel, there are no legal or governmental proceedings pending or threatened of a character which are required to be disclosed in the Registration Statement and Prospectus, other than as disclosed therein; to the best knowledge of such counsel, there are no contracts, indentures, mortgages, deeds of trust, loan agreements or other documents of a character required to be described in the Registration Statement or Prospectus (or required to be filed under the Exchange Act if upon such filing they would be incorporated by reference therein) or to be filed as exhibits to the Registration Statement that are not described and filed as required;

(v) The issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities being purchased at such Time of Delivery, the exchange by the Company of American General Debt Securities for such Designated Shares, the compliance by the Company with all of the provisions of this Agreement and the Pricing Agreement with respect to such Designated Shares and the related Over-allotment Option, if any, and the consummation of the other transactions contemplated herein and therein will not result in any

violation of any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any of its properties solely as a result of the Company's affiliation with American General or its subsidiaries, which violation would have a material adverse effect on the business, financial condition, shareholders' equity or results of operations of American General and its subsidiaries taken as a whole; and no consent, approval,

authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the purchase by the Company of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, or the consummation by the Company of the other transactions contemplated by this Agreement, such Pricing Agreement or the related Over-allotment Option, if any, solely as a result of the Company's affiliation with American General or its subsidiaries, except such as have been obtained prior to such Time of Delivery under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of the Designated Shares by the Underwriters; and

(vi) The issue and sale by the Company of the Designated Shares being delivered at such Time of Delivery, the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, the compliance by each of the Company and American General with all of the provisions of this Agreement and the Pricing Agreement with respect to such Designated Shares and the related Over-allotment Option, if any, the Guarantee, the American General Debt Securities and the Indenture and the consummation of the other transactions contemplated herein and therein will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument for money borrowed known to such counsel to which American General or any of the Selected Subsidiaries is a party or by which American General or any of the Selected Subsidiaries is bound or to which any of the property or assets of American General or any of the Selected Subsidiaries is subject or (ii) result in any violation of the provisions of the Restated Articles of Incorporation, as amended, or the Amended and Restated Bylaws of American General or any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over American General or any of the Selected Subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue by American General of the Guarantee, the issue and sale by American General of the American General Debt Securities, the exchange by the Company of American General Debt Securities for such Designated Shares, or the consummation by American General of the other transactions

contemplated by this Agreement, such Pricing Agreement or the related Over-allotment Option, if any, the Indenture or the Guarantee, except such as have been obtained prior to such Time of Delivery under the Act and the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws or insurance laws in connection with the purchase and distribution of such Designated Shares by the Underwriters;

(e) On the date of the Pricing Agreement relating to the applicable Designated Shares (but at a time prior to the execution of such Pricing Agreement) and at each Time of Delivery for such Designated Shares, the independent accountants of American General who have certified the financial statements of American General and its subsidiaries included or incorporated by reference in the Registration Statement shall

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have furnished to the Representatives a letter, dated the effective date of the Registration Statement or the date of the most recent report filed with the Commission containing financial statements and incorporated by reference in the Registration Statement, if the date of such report is later than such effective date, and a letter dated such Time of Delivery, respectively, to the effect set forth in Annex II hereto, and with respect to such letter dated such Time of Delivery, as to such other matters as the Representatives may reasonably request and in form and substance satisfactory to the Representatives;

(f) Since the date of the Pricing Agreement relating to the applicable Designated Shares and since the respective dates as of which information is given in the Prospectus as amended prior to the date of such Pricing Agreement, there shall not have been any change, or any development or event involving a prospective change, in the business, financial condition, shareholders' equity or results of operations of the Company or of American General and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business, the effect of which is, in the reasonable judgment of the Representatives, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of such Designated Shares on the terms and in the manner contemplated in the Prospectus as amended relating to such Designated Shares;

(g) On or after the date of the Pricing Agreement relating to the applicable Designated Shares no downgrading shall have occurred in the rating accorded such Designated Shares or any of American General's debt securities or preferred stock, or in the financial strength or claims paying ability rating accorded any of American General's Selected Subsidiaries which is an insurance company, by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g) (2) under the Act;

(h) On or after the date of the Pricing Agreement relating to the applicable Designated Shares there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange or any

other exchange on which application shall have been made to list such Designated Shares; (ii) a suspension or material limitation in trading in such Designated Shares or any of American General's securities on the Exchange or any other national securities exchange; (iii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; or (iv) an outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this clause (h), in the reasonable judgment of the Representatives, makes it impracticable to proceed with the public offering or the delivery of the Firm Shares or Optional Shares or both on the terms and in the manner contemplated in the Prospectus as first amended or supplemented relating to such Designated Shares;

(i) The Designated Shares, at each Time of Delivery, shall have been duly listed, subject to notice of issuance, on the Exchange; and

(j) The Company and American General shall have furnished or caused to be furnished to the Representatives at each Time of Delivery for the Designated Shares certificates of the Company and American General, satisfactory to the Representatives,

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signed by the Chairman, the President or a Vice President of American General, as to the accuracy of the representations and warranties of the Company and American General herein at and as of such Time of Delivery, as to the performance by the Company and American General of all of its respective obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (a) and (f) of this Section and as to such other matters as the Representatives may reasonably request.

8. (a) The Company and American General, jointly and severally, will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, as incurred, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating, preparing for or defending against any such action or claim, commenced or threatened; provided, however, that neither the Company nor American General shall be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by any Underwriter

of Designated Shares through the Representatives expressly for use in the Prospectus as amended or supplemented; and provided further that neither the Company nor American General shall be liable to any Underwriter under the indemnity agreement in this subsection (a) with respect to any Preliminary Prospectus to the extent that any such loss, claim, damage or liability of such Underwriter results from the fact that such Underwriter sold Designated Shares to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus as then amended or supplemented (excluding documents incorporated by reference therein) in any case where such delivery is required by the Act if the Company or American General has previously furnished copies thereof to such Underwriter and the loss, claim, damage or liability of such Underwriter results from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in the Preliminary Prospectus which was corrected in the Prospectus (or the Prospectus as amended or supplemented).

(b) Each Underwriter will indemnify and hold harmless the Company and American General against any losses, claims, damages or liabilities, as incurred, to which the Company or American General may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the

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statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Prospectus, any preliminary prospectus supplement, the Registration Statement, the Prospectus as amended or supplemented and any other prospectus relating to the Preferred Securities, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company and American General by such Underwriter through the Representatives expressly for use therein; and will reimburse the Company and American General for any legal or other expenses reasonably incurred by the Company or American General in connection with investigating, preparing for or defending against any such action or claim commenced or threatened.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement or threat of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under such subsection, notify such indemnifying party in writing of the commencement or threat thereof; but the omission so to notify such indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be commenced or threatened against any indemnified party and it shall notify the indemnifying party of the commencement or threat thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish and so elect within a reasonable time after receipt of such notification, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party and it

being understood that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (provided that local counsel may be retained to the extent necessary) for all such indemnified parties (treating the indemnified party and the persons referred to in subsection (e) below to which the provisions of this Section 8 shall extend as a single indemnified party for such purpose)), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include any statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and American General on the one hand and the Underwriters of the Designated Shares on the other

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hand from the offering of the Designated Shares to which such loss, claim, damage or liability (or action in respect thereof) relates. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above or is not entitled to receive the indemnification provided for in subsection (a) above because of the second proviso thereof, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and American General on the one hand and the Underwriters of the Designated Shares on the other hand in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and American General on the one hand and such Underwriters on the other hand shall be deemed to be in the same proportion as the total net proceeds from such offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by such Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and American General on the one hand or such Underwriters on the other hand and the parties'

relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, including, with respect to any Underwriter, the extent to which such losses, claims, damages or liabilities (or actions in respect thereof) with respect to any Preliminary Prospectus result from the fact that such Underwriter sold Designated Shares to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus as then amended or supplemented (excluding documents incorporated by reference) in any case where such delivery is required by the Act, if either the Company or American General has previously furnished copies thereof to such Underwriter and the loss, claim, damage or liability results from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in the Preliminary Prospectus which was corrected in the Prospectus (or the Prospectus as amended or supplemented). The Company, American General and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the applicable Designated Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Underwriters of Designated Shares in this subsection (d) to contribute are several in proportion to their respective underwriting obligations with respect to such Preferred Securities and not joint.

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(e) The obligations of the Company and American General under this Section 8 shall be in addition to any liability which the Company and American General may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section 8 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and American General and to each person, if any, who controls the Company and American General within the meaning of the Act.

9. (a) If any Underwriter shall default in its obligation to purchase the Firm Shares or Optional Shares which it has agreed to purchase under the Pricing Agreement relating to such Designated Shares, the Representatives may in their discretion arrange for themselves or another party or other parties to purchase such Firm Shares or Optional Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Firm Shares or Optional Shares, as the case may be, then the Company and American General shall be entitled to a further period of thirty-six hours within which

to procure another party or other parties satisfactory to the Representatives to purchase such Firm Shares or Optional Shares on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company and American General that they have so arranged for the purchase of such Firm Shares or Optional Shares, or the Company and American General notify the Representatives that either the Company or American General have so arranged for the purchase of such Firm Shares or Optional Shares, the Representatives or the Company and American General shall have the right to postpone the applicable Time of Delivery for such Firm Shares or Optional Shares for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus as amended or supplemented, or in any other documents or arrangements, and the Company and American General agree to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term "Underwriter," as used in this Agreement and the applicable Pricing Agreement, shall include any person substituted under this Section with like effect as if such person had originally been a party to the Pricing Agreement with respect to such Designated Shares.

(b) If, after giving effect to any arrangements for the purchase of the Firm Shares or Optional Shares, as the case may be, of a defaulting Underwriter or Underwriters by the Representatives and the Company and American General as provided in subsection (a) above, the aggregate number of such Firm Shares or Optional Shares which remains unpurchased does not exceed ten percent of the aggregate number of the Firm Shares or Optional Shares, as the case may be, to be purchased at the respective Time of Delivery, then the Company and American General shall have the right to require each non-defaulting Underwriter to purchase the number of Firm Shares or Optional Shares, as the case may be, which such Underwriter agreed to purchase under the Pricing Agreement relating to such Firm Shares or the Over-allotment Option relating to such Optional Shares, as the case may be, and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Firm Shares or Optional Shares, as the case may be, which such Underwriter agreed to purchase under such Pricing Agreement or Over-allotment Option) of the Firm Shares or Optional Shares, as the case may be, of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

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(c) If, after giving effect to any arrangements for the purchase of the Firm Shares or Optional Shares, as the case may be, of a defaulting Underwriter or Underwriters by the Representatives and the Company and American General as provided in subsection (a) above, the aggregate number of Firm Shares or Optional Shares, as the case may be, which remains unpurchased exceeds ten percent of the aggregate number of the Firm Shares or Optional Shares, as the case may be, to be purchased at the respective Time of Delivery, as referred to in subsection (b) above, or if the Company and American General shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Firm Shares or Optional Shares, as the case may be, of a defaulting Underwriter or Underwriters, then the Pricing Agreement relating to such Firm Shares or the Over-allotment Option relating to such Optional Shares, as the case may be, shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company or American General, except for the expenses to be borne by the Company, American General and the Underwriters as provided in Section 6 hereof and the indemnity

and contribution agreements in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company and American General and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company or American General, or any officer or director or controlling person of the Company or American General, and shall survive delivery of and payment for the Preferred Securities.

11. If any Pricing Agreement or Over-allotment Option shall be terminated pursuant to Section 9 hereof, neither the Company nor American General shall then be under any liability to any Underwriter with respect to the Firm Shares or Optional Shares with respect to which such Pricing Agreement or Over-allotment Option shall have been terminated except as provided in Sections 6 and 8 hereof; but, if for any other reason Designated Shares are not delivered by or on behalf of the Company or American General as provided herein, the Company and American General, jointly and severally, will reimburse the Underwriters through the Representatives for all reasonable out-of-pocket expenses approved in writing by the Representatives, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Designated Shares, but the Company or American General shall then be under no further liability to any Underwriter with respect to such Designated Shares except as provided in Sections 6 and 8 hereof.

12. In all dealings hereunder, the Representatives of the Underwriters of Designated Shares shall act on behalf of each of such Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by such Representatives jointly or by such of the Representatives, if any, as may be designated for such purpose in the applicable Pricing Agreement.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission if promptly confirmed in writing, to the address of the Representatives as set forth in the applicable Pricing Agreement; and if to the Company or American General shall be delivered or sent by mail, telex or facsimile transmission if promptly confirmed in writing to the address of American General set

forth in the Registration Statement, Attention: Treasurer; provided, however, that any notice to an Underwriter pursuant to Section 8(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company and American General by the Representatives upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement and the Pricing Agreement relating to the applicable Designated Shares shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company, American General and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company

and American General and each person who controls the Company, American General or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement or any such Pricing Agreement. No purchaser of any of the Preferred Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of each Pricing Agreement.

15. This Agreement and each Pricing Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed in such State.

16. This Agreement and each Pricing Agreement may be executed by any one or more of the parties hereto and thereto in any number of counterparts, each of which shall be

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deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

Very truly yours,

American General Capital, L.L.C.
By: American General Delaware
Management Corporation, as
Managing Member

By: _____
Name:
Title:

American General Corporation

By: _____
Name:
Title:

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ANNEX I

PRICING AGREEMENT

[Name of Representative]
[Name(s) of Co-Representative(s),]
As Representatives of the several

Underwriters named in Schedule I hereto,
c/o [Name of Representative]
[Representative's Address]

, 19..

Ladies and Gentlemen:

American General Capital, L.L.C., a Delaware limited liability company (the "Company"), and American General Corporation, a Texas corporation ("American General"), propose, subject to the terms and conditions stated herein and in the Underwriting Agreement, dated , 1995 filed as an exhibit to the registration statement filed by the Company and American General on Form S-3 (Nos. 33-58317, 33-58317-01, and 33-58317-02) and attached hereto (the "Underwriting Agreement"), to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") the Preferred Securities specified in Schedule II hereto (the "Designated Shares" consisting of Firm Shares and any Optional Shares the Underwriters elect to purchase).

The Designated Preferred Securities are exchangeable into American General Debt Securities as specified in Schedule II hereto. The Designated Shares will be guaranteed by American General on a limited basis as to the payment of dividends and as to payments on redemption or liquidation (the "Guarantee").

Each of the provisions of the Underwriting Agreement is incorporated herein by reference in its entirety, and shall be deemed to be a part of this Pricing Agreement to the same extent as if such provisions had been set forth in full herein; and each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Pricing Agreement, except that each representation and warranty which refers to the Prospectus in Section 2 of the Underwriting Agreement shall be deemed to be a representation or warranty as of the date of the Underwriting Agreement in relation to the Prospectus (as therein defined), and also a representation and warranty as of the date of this Pricing Agreement in relation to the Prospectus as amended or supplemented with respect to the Designated Shares which are the subject of this Pricing Agreement. Each reference to the Representatives herein and in the provisions of the Underwriting Agreement so incorporated by reference shall be deemed to refer to you. Unless otherwise defined herein, terms defined in the Underwriting Agreement are used herein as therein defined. The Representatives designated to act on behalf of the Representatives and on behalf of each of the Underwriters of the Designated Shares pursuant to Section 12 of the Underwriting Agreement and the address of the Representatives referred to in such Section 12 are set forth in Schedule II hereto.

An amendment to the Registration Statement, or a supplement to the Prospectus, as the case may be, relating to the Designated Shares, in the form heretofore delivered to you, is now proposed to be filed with the Commission.

Subject to the terms and conditions set forth herein and in the Underwriting Agreement incorporated herein by reference, (a) the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at the time and place and at the purchase price to the Underwriters set forth in

Schedule II hereto, the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto and, (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares, as provided below, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company at the purchase price to the Underwriters set forth in Schedule II hereto that portion of the number of Optional Shares as to

which such option shall have been exercised.

The Company hereby grants to each of the Underwriters the right to purchase at their option up to the number of Optional Shares set forth opposite the name of such Underwriter in Schedule I hereto on the terms referred to in the preceding paragraph for the sole purpose of covering over-allotments, if any, in the sale of the Firm Shares. Any such option to purchase Optional Shares may be exercised by written notice from the Representatives to the Company given within a period of 30 calendar days after the date of this Pricing Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives, but in no event earlier than the First Time of Delivery or, unless the Representatives and the Company otherwise agree in writing, no earlier than two or later than ten business days after the date of such notice.

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If the foregoing is in accordance with your understanding, please sign and return to us one counterpart hereof for the Company and one for American General, one for each of the Representatives and one for each counsel, and upon acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof, including the provisions of the Underwriting Agreement incorporated herein by reference, shall constitute a binding agreement between each of the Underwriters and the Company and American General. It is understood that your acceptance of this letter on behalf of each of the Underwriters is or will be pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company and American General for examination, upon request, but without warranty on the part of the Representatives as to the authority of the signers thereof.

Very truly yours,

American General Capital, L.L.C.
By: American General Delaware
Management Corporation, as
Managing Member

By: _____
Name:
Title:

American General Corporation

By: _____
Name:
Title:

Accepted as of the date hereof:

[Name of Representative]

[Name(s) of Co-Representative(s)]

By: _____

On behalf of each of the Underwriters

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SCHEDULE I

<TABLE>

<CAPTION>

Underwriter	Number of Firm Shares to be Purchased <C>	Maximum Number of Optional Shares Which May be Purchased <C>
<S> [Name of Representative]		
[Name(s) of Co-Representative(s)]		
[Names of other Underwriters]		
Total	----- =====	----- =====

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SCHEDULE II

Title of Designated Shares:

Number of Designated Shares:

Number of Firm Shares:

Maximum Number of Optional Shares:

Dividend Payments: Monthly on the last calendar day of the month, commencing
....., 19..., at an annual rate of% of the liquidation
preference per share

Liquidation Preference: \$..... per share, plus accumulated and unpaid
dividends to the date of payment

Exchange Provisions:

Redemption Provisions:

Initial Offering Price to Public: \$..... per share

Purchase Price by Underwriters: \$..... per share

Underwriters' Compensation: \$..... per share

Form of Designated Shares:

Book-entry-only form represented by one or more global securities deposited with The Depository Trust Company ("DTC") or its designated custodian, to be made available for checking by the Representatives at least twenty-four hours prior to each Time of Delivery at the office of DTC.

Specified Funds for Payment of Purchase Price and Underwriters' Compensation:

[[New York] Clearing House (next day) funds]

Time of Delivery:

..... a.m. (New York City time),, 19..

Closing Location:

Names and addresses of Representatives:

Designated Representatives:

Address for Notices, etc.:

[Other Terms]:

Title of American General Debt Securities:

Aggregate Principal Amount:

Interest Payments: Monthly on the last calendar day of the month, commencing, 19..., at an annual rate of%

Maturity Date:

Redemption Provisions:

Pursuant to subsection 7(e) of the Underwriting Agreement, the accountants shall furnish letters to the Underwriters to the effect that they are independent auditors with respect to American General and its subsidiaries as required by the Act and by the published rules and regulations of the Commission thereunder and to the further effect that:

(i) In their opinion the financial statements of American General and its subsidiaries audited by them and included or incorporated by reference in the Registration Statement and Prospectus, comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the applicable published rules and regulations thereunder;

(ii) On the basis of a reading of the unaudited financial statements and any other unaudited financial statement data included or incorporated by reference in the Registration Statement and Prospectus, a reading of the latest available interim unaudited financial statements of American General and its subsidiaries ("Interim Financials"), if any, a reading of any unaudited pro forma financial statements included or incorporated by reference in the

Registration Statement and Prospectus and a reading of the minutes of American General's shareholders' meetings, the meetings of the Board of Directors, the Executive Committee of the Board of Directors, the Audit Committee of the Board of Directors, and the Terms Committee of the Board of Directors since the end of the most recent fiscal year with respect to which an audit report has been issued and inquiries of and discussions with certain officials of American General responsible for accounting and financial matters with respect to the unaudited financial statements and any other unaudited financial statement data included or incorporated by reference in the Registration Statement and Prospectus, any Interim Financials, and any unaudited pro forma financial statements included or incorporated by reference in the Registration Statement and Prospectus, and as to whether (1) as of a specified date not more than five days prior to the date of the letter, there was any change in the consolidated capital stock (other than issuances of capital stock upon the exercise of options or for purposes of employee compensation plans, upon earn-outs of performance shares, upon conversions of convertible securities and upon the exercise of put options, in each case which were outstanding on the date of the latest balance sheet included or incorporated by reference in the Prospectus) or any increase in consolidated long-term debt of American General and its subsidiaries (except for increases due to accretion of discount on original issue discount securities, if any) or any decrease in the consolidated net assets of American General and its subsidiaries (before considering the effect of unrealized gains and losses on debt and equity securities classified as "available-for-sale" under Statement of Financial Accounting Standards (SFAS) No. 115) as compared with the amounts shown on the most recent consolidated balance sheet of American General and its subsidiaries included or incorporated by reference in the Registration Statement and Prospectus (the "Recent Balance Sheet") or (2) during the period, if any, from the date of the Recent Balance Sheet to the date of the most recent balance sheet included in the Interim Financials (the "Interim Period") there was any decrease, as compared with the corresponding period in the preceding year, in consolidated total revenues or in consolidated net income of American General and its subsidiaries, or (3) during the period from the date of the Interim Financials or, if there are no Interim Financials, from the date of the Recent Balance Sheet to a specified date not more than five days prior to the date of the letter there was any decrease, as compared with the corresponding period in the preceding year, in consolidated total revenues or in consolidated net income

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of American General and its subsidiaries, which reading, inquiries and discussions would not necessarily reveal changes in the financial position or results of operations or inconsistencies in the application of generally accepted accounting principles or other matters of significance with respect to the following, nothing has come to their attention which would lead them to believe that (A) the unaudited financial statements of American General and its subsidiaries included or incorporated by reference in the Registration Statement and Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Exchange Act and the published rules and regulations thereunder or that those unaudited financial statements were not in conformity with generally accepted accounting principles applied on a basis substantially

consistent with that of the audited financial statements included or incorporated by reference therein, (B) the Interim Financials, if any, were not determined on a basis substantially consistent with that of the audited consolidated financial statements included or incorporated by reference in the Registration Statement and Prospectus, (C) any other unaudited financial statement data included or incorporated by reference in the Registration Statement and Prospectus do not agree with the corresponding items in the unaudited financial statements from which such data were derived or any such unaudited financial statement data were not determined on a basis substantially consistent with the corresponding amounts in the audited financial statements included or incorporated by reference in the Registration Statement and Prospectus, (D) any unaudited pro forma financial statements included or incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements, (E) (1) as of the date of the Interim Financials, if any, and as of a specified date not more than five days prior to the date of the letter, there was any change in the consolidated capital stock (other than issuances of capital stock upon the exercise of options or for purposes of employee compensation plans, upon earn-outs of performance shares, upon conversions of convertible securities and upon the exercise of put options, in each case which were outstanding on the date of the latest balance sheet included or incorporated by reference in the Prospectus) or any increase in consolidated long-term debt of American General and its subsidiaries (except for increases due to accretion of discount on original issue discount securities, if any) or any decrease in the consolidated net assets of American General and its subsidiaries (before considering the effect of unrealized gains and losses on debt and equity securities classified as "available-for-sale" under Statement of Financial Accounting Standards (SFAS) No. 115) as compared with the amounts shown on the Recent Balance Sheet or (2) during any Interim Period, there was any decrease, as compared with the corresponding period in the preceding year, in consolidated total revenues or in consolidated net income of American General and its subsidiaries, or (3) during the period from the date of the Interim Financials or, if there are no Interim Financials, from the date of the Recent Balance Sheet to a specified date not more than five days prior to the date of the letter there was any decrease, as compared with the corresponding period in the preceding year, in consolidated total revenues or in consolidated net income of American General and its subsidiaries except in each such case for (1), (2) and (3) as set forth in or contemplated by the Registration Statement and Prospectus or except for such exceptions as may be enumerated in such letter; and

(iii) In addition to the limited procedures referred to in clause (ii) above, they have carried out certain other specified procedures, not constituting an audit, with respect to certain amounts, percentages and financial information which are derived from the

general financial and accounting records of American General and its subsidiaries, which are included or incorporated by reference in the Registration Statement and Prospectus and which are specified by the Representatives and have compared such amounts, percentages and

financial information with the financial and accounting records of American General and its subsidiaries and have found them to be in agreement.

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
AMERICAN GENERAL CAPITAL, L.L.C.

DATED AS OF MAY ____, 1995

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AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF AMERICAN GENERAL CAPITAL, L.L.C.

This Amended and Restated Limited Liability Company Agreement of American General Capital, L.L.C. (the "Company") is made as of May __, 1995, among American General Corporation ("American General") and American General Delaware Management Corporation ("American General Manager"), as current Members (as defined below) of the Company and the Persons (as defined below) who become Members of the Company in accordance with the provisions hereof.

WHEREAS, American General and American General Capital Services, Inc. ("AGCSI") have heretofore formed a limited liability company pursuant to the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101, et seq., as amended from time to time (the "Delaware Act"), by filing a Certificate of Formation of the Company with the office of the Secretary of State of the State of Delaware on March 28, 1995, and entering into a Limited Liability Company Agreement of the Company dated as of March 28, 1995 (the "Original Limited Liability Company Agreement"); and

WHEREAS, on April 20, 1995, American General Manager was admitted as a member of the Company; and

WHEREAS, on April 20, 1995, AGCSI resigned as a Member of the Company and all of AGCSI's interest in the Company was redeemed and cancelled; and

WHEREAS, on April 20, 1995, American General and American General Manager entered into the First Amendment to the Limited Liability Company Agreement; and

WHEREAS, the Members desire to continue the Company as a limited liability company under the Delaware Act and to amend and restate the Original Limited Liability Company Agreement, as amended, in its entirety.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members hereby amend and restate the Original Limited Liability Company Agreement, as amended, in its entirety and agree as follows:

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ARTICLE I

DEFINED TERMS

SECTION 1.1. DEFINITIONS. The terms defined in this Article I shall, for the purposes of this Agreement, have the meanings herein specified.

"Additional Dividends" shall have the meaning, if any, set forth in the Preferred Securities Designation with respect to a series of Preferred Securities. Such term shall apply to a series of Preferred Securities only if and to the extent set forth in the related Preferred Securities Designation.

"Adjusted Capital Account" means the Capital Account established for a Member, as the same is specially computed to reflect the adjustments required or permitted by the Treasury Regulations under Section 704(b) of the Code to be taken into account in applying the second sentence of section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

"Affiliate" means with respect to a specified Person, any Person that directly or indirectly controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" means this Amended and Restated Limited Liability Company Agreement of the Company, as amended, modified, supplemented or restated from time to time.

"American General Common Stock" means the Common Stock, par value \$.50 per share, of American General.

"American General Preferred Stock" means the Preferred Stock, par value \$1.50 per share, of American General.

"Capital Account" shall have the meaning set forth in Section 4.5.

"Certificate" means the Certificate of Formation referred to in the first recital of this Agreement and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Delaware pursuant to the Delaware Act.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding federal tax statute enacted after the date of this Agreement. A reference to a specific section (Section) of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the date of this Agreement, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Agreement containing such reference.

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"Common Member" means a Member that holds one or more Common Securities.

"Common Securities" means the Interests in the Company which represent common limited liability company interests in the Company and are described in this Agreement.

"Company Distribution Account" shall have the meaning set forth in Section 4.4 of this Agreement.

"Company Dividend Junior Securities" shall have the meaning set forth in Section 9.3 of this Agreement.

"Company Dividend Parity Securities" shall have the meaning set forth in Section 9.3 of this Agreement.

"Company Liquidation Parity Securities" shall have the meaning set forth in Section 15.5 of this Agreement.

"Covered Person" means the Managing Member, any Affiliate of the Managing Member or any officers, directors, managers, shareholders, partners, members, employees, representatives or agents of the Managing Member, or any employee or agent of the Company or its Affiliates.

"Debentures" means the Debentures evidencing the loans to American General from the Company of substantially all of the Proceeds of the issuances of Interests and related capital contributions.

"Dividend Payment Date" has the meaning set forth in Section 9.1(c) of this Agreement.

"Eligible Investment Account" means either (a) a segregated account with an Eligible Institution or (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any domestic branch of a foreign bank), having corporate trust powers and acting as trustee for funds deposited in such account, so long as any of the securities of such depository institution shall have a credit rating from each Rating Agency in one of its generic rating categories which signifies investment grade.

"Eligible Institution" means (a) the Fiscal Agent or (b) a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any domestic branch of a foreign bank), (1) (i) which has either (A) a long-term unsecured debt rating of AAA or better by S&P and Aaa or better by Moody's or (B) a short-term unsecured debt rating or a certificate of deposit rating of A-1+ or better by S&P and P-1 or better by Moody's and (ii) whose deposits are insured

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by the FDIC or (2) (i) the parent of which has a long-term or short-term unsecured debt rating which signifies investment grade and (ii) whose deposits are insured by the FDIC.

"Eligible Investments" mean book-entry securities, negotiable instruments, cash or securities represented by instruments in bearer or registered form which evidence:

(a) any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing;

(b) commercial paper having, at the time of the investment or contractual commitment to invest therein, a rating from each of S&P, Moody's and, if rated by Fitch, Fitch in the highest investment rating category granted thereby and having a maturity not in excess of nine months;

(c) demand deposits, time deposits and certificates of deposit which are fully insured by the FDIC;

(d) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the Government of the United States of America or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the United States of America, in either case entered into with a depository institution or trust company which is an Eligible Institution and the deposits of which are insured by the FDIC.

(e) any other security which is identified as a permitted investment of a finance subsidiary pursuant to Rule 3a-5 under the Investment Company Act of 1940, as amended, at the time it is acquired by the Company.

"FDIC" means the Federal Deposit Insurance Corporation or any successor thereto.

"Fiscal Period" means a calendar month.

"Fitch" means Fitch Investors Service, Inc. or any successor thereto.

"Guarantee" means the Guarantee Agreement to be entered into by American General for the benefit of the Preferred Members, as amended from time to time.

"Indemnified Person" means each Common Member, any Affiliate of such Common Member or any officers, directors, managers, shareholders, partners, members, employees, representatives or agents of such Common Member, or any employee or agent of the Company or its Affiliates.

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"Indenture" means the Indenture dated as of May ___, 1995, between American General and Chemical Bank, as trustee, pursuant to which the Debentures will be issued, as amended, modified or supplemented from time to time.

"Interest" means a limited liability company interest in the Company, including the right of the holder thereof to any and all benefits to which a Member may be entitled as provided in this Agreement, together with the obligations of a Member to comply with all of the terms and provisions of this Agreement.

"Liquidation Distribution" shall have the meaning set forth in Section 15.5 of this Agreement.

"LP Act" means the Delaware Revised Uniform Limited Partnership Act. 6 Del C. Section 17-101, et seq., as amended from time to time.

"Majority [Or Other Stated Percentage] in Liquidation Preference" means Preferred Members who are the record owners of Preferred Securities whose aggregate liquidation preferences represent more than 50% or not less than such stated percentage of the aggregate liquidation preference of all Preferred Securities of any particular series or all series, as the context requires, then outstanding.

"Managing Member" means American General Manager, in its capacity as the manager of the Company and as a Member that holds Common Securities.

"Member" means any Person that holds an Interest in the Company and is admitted as a member of the Company pursuant to the provisions of this Agreement, in its capacity as a member of the Company. For purposes of the Delaware Act, the Common Members and the Preferred Members shall constitute separate classes or groups of Members.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Net Income" and "Net Loss", respectively, for any Fiscal Period means the income and loss, respectively, of the Company for such Fiscal Period as determined in accordance with the method of accounting followed by the Company for federal income tax purposes, including, for all purposes, any tax-exempt income and any expenditures of the Company which are described in Section 705(a)(2)(B) of the Code (or treated as so described under Section 1.704-1(b)(2)(iv)(i) of the Treasury Regulations); provided, however, that any item allocated under Section 4.7 shall be excluded from the computation of Net Income and Net Loss.

"Person" means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

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"Preferred Certificate" means a certificate evidencing the Preferred Securities held by a Preferred Member.

"Preferred Member" means a Member that holds one or more Preferred Securities.

"Preferred Securities" means the Interests which represent

preferred limited liability company interests in the Company and are described in this Agreement.

"Preferred Securities Designation" means any written action of the Managing Member pursuant to Section 7.1(b) of this Agreement providing for the issue of a series of Preferred Securities.

"Rating Agencies" means Fitch, Moody's and S&P.

"S&P" means Standard & Poor's Ratings Group or any successor thereof.

"Tax Matters Partner" means the Managing Member designated as such in Section 11.1(b) of this Agreement.

"Third Party Creditors" shall have the meaning set forth in Section 13.1 of this Agreement.

SECTION 1.2. HEADINGS. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

ARTICLE II

CONTINUATION AND TERM; ADMISSION OF MEMBERS

SECTION 2.1. CONTINUATION.

(a) The Members hereby agree to continue the Company as a limited liability company under and pursuant to the provisions of the Delaware Act and agree that the rights, duties and liabilities of the Members shall be as provided in the Delaware Act, except as otherwise provided herein.

(b) Upon the execution of this Agreement, American General and American General Manager shall continue to be Members and shall each be designated as a Common Member and shall together be the holders of all of the Common Securities.

(c) The Managing Member, as an authorized person within the meaning of the Delaware Act, shall execute, deliver and file any and all amendments to and restatements of the Certificate.

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SECTION 2.2. NAME. The name of the Company heretofore formed and continued hereby is American General Capital, L.L.C. The business of the Company may be conducted upon compliance with all applicable laws under any other name designated by the Managing Member.

SECTION 2.3. TERM. The term of the Company commenced on the date the Certificate was filed in the office of the Secretary of State of the State of Delaware and shall continue until December 31, 2050, unless dissolved before such date in accordance with the provisions of this Agreement.

SECTION 2.4. REGISTERED AGENT AND OFFICE. The Company's registered agent and office in Delaware shall be The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. At any time, the Managing Member may designate another registered agent and/or registered office.

SECTION 2.5. PRINCIPAL PLACE OF BUSINESS. The principal place of business of the Company shall be at 2099 South Dupont Avenue, Dover, Delaware 19901. The Managing Member may change the location of the Company's principal place of business.

SECTION 2.6. QUALIFICATION IN OTHER JURISDICTIONS. The Managing Member shall cause the Company to be qualified, formed or registered under assumed or fictitious name statutes or similar laws in any jurisdiction in which the Company conducts business and in which such qualification, formation or registration is required by law or deemed advisable by the Managing Member. The Managing Member, as an authorized person within the meaning of the Delaware Act, shall execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do

business in a jurisdiction in which the Company may wish to conduct business.

SECTION 2.7. ADMISSION OF MEMBERS.

(a) Subject to Section 2.1(b) of this Agreement, a Person shall be admitted as a Member and shall become bound by the terms of this Agreement, without execution of this Agreement, if such Person (or a representative authorized by such Person orally, in writing or by other action such as payment for an Interest) complies with the conditions for becoming a Member as set forth in Section 2.7(b) and requests (which request shall be deemed to have been made upon acquisition of an Interest directly from the Company or upon an assignment of an Interest from another Person) that the records of the Company reflect such admission. The Company shall be promptly notified of any assignment of an Interest.

The Company will reflect the admission of a Member in the records of the Company as soon as is reasonably practicable after either of the following events: (i) in the case of a Person acquiring an Interest directly from the Company, at the time of payment therefor, and (ii) in the case of an assignment, upon notification thereof (the Company being entitled to assume, in the absence of knowledge to the contrary, that proper payment has been made by the assignee).

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(b) Subject to the restrictions on transfer of Common Securities set forth in Sections 7.1(e) and 14.1 of this Agreement, whether acquiring an Interest directly from the Company or by assignment, a Person shall be admitted as a Member upon the acquisition or assignment, as the case may be, of such Interest and the reflection of such Person's admission as a Member on the registration books maintained by or on behalf of the Company. The consent of any other Member shall not be required for the admission of a Member.

SECTION 2.8. MERGER, CONSOLIDATION, ETC. OF THE COMPANY. The Company may not consolidate with, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any Person, except with the prior approval of Preferred Members holding not less than 66-2/3% in Liquidation Preference of the outstanding Preferred Securities of each series or except as set forth in this Section 2.8. The Company may, without the consent of Preferred Members, consolidate with, merge with or into, or be replaced by, or convey, transfer or lease its assets as an entirety or substantially as an entirety to, a limited liability company, limited partnership or trust organized as such under the laws of any state of the United States of America or the District of Columbia, provided that (i) such successor entity either (x) expressly assumes all of the obligations of the Company under the Preferred Securities or (y) substitutes for the Preferred Securities of each series other securities having substantially the same terms as such Preferred Securities of each series (the "Successor Securities") so long as the Successor Securities rank, with respect to participation in the profits or assets of the successor entity, at least as high as the Preferred Securities of the related series rank with respect to payment of dividends and distribution of assets upon the liquidation, dissolution or winding-up of the Company, (ii) American General expressly acknowledges such successor entity as the holder of Debentures relating to such Preferred Securities and its obligations under the Guarantee with respect to the Successor Securities, (iii) such merger, consolidation, replacement, conveyance, transfer or lease does not cause the Preferred Securities or the Successor Securities, if any, to be delisted (or, in the case of any Successor Securities, to fail to be listed) by any national securities exchange or other organization on which such Preferred Securities are then listed, (iv) such merger, consolidation, replacement, conveyance, transfer or lease does not cause the Preferred Securities or Successor Securities, if any, to be downgraded by any "nationally recognized statistical rating organization," as that term is defined by the Securities and Exchange Commission for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended, (v) such merger, consolidation, replacement, conveyance, transfer or lease does not adversely affect the powers, preferences and other special rights of Preferred Members or the holders of the Successor Securities, if any, in any material respect (other than with respect to any dilution of the holders' interest in the new entity) and (vi) prior to such merger, consolidation, replacement, conveyance, transfer or lease, American General has received an opinion of nationally recognized independent legal counsel to the Company experienced in such matters to the effect that (x) such successor entity will be treated as a partnership or as a grantor trust, as appropriate,

for federal income tax purposes, (y) following such merger, consolidation, replacement, conveyance, transfer or lease, American General and such successor entity will be in compliance with the Investment Company Act of 1940, as amended, without registering thereunder as an investment company and (z) such merger, consolidation, replacement, conveyance, transfer

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or lease will not adversely affect the limited liability of the Preferred Members or the holders of the Successor Securities, if any, or result in federal income tax liability to such Preferred Members or holders other than with respect to any fractional share interests converted into cash.

ARTICLE III

PURPOSE AND POWERS OF THE COMPANY

SECTION 3.1. PURPOSE AND POWERS. The purposes of the Company are (a) to issue Interests and to use substantially all of the proceeds from the issuance thereof and the related capital contributions to purchase Debentures from American General, (b) to invest, at all times, at least 1% of such proceeds and capital contributions in the Eligible Investment Account as provided herein and (c) except as otherwise limited herein, to enter into, make and perform all contracts and other undertakings, and to take any and all actions necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purpose of the Company as set forth herein. The Company may not conduct any other business or operations except as contemplated by the preceding sentence.

ARTICLE IV

CAPITAL CONTRIBUTIONS, ALLOCATIONS AND DISTRIBUTIONS

SECTION 4.1. FORM OF CONTRIBUTION. The contribution of a Member to the Company may, as determined by the Managing Member in its discretion, be in cash, a promissory note or other legal consideration.

SECTION 4.2. CONTRIBUTIONS BY THE COMMON MEMBERS. The Common Members shall make such contributions to the Company, either in connection with the purchase of Common Securities or otherwise, so as to cause their Common Securities to be entitled to at least 21% of all interests in the capital, income, gain, loss, deduction and credit of the Company at all times.

SECTION 4.3. CONTRIBUTIONS BY THE PREFERRED MEMBERS. The Preferred Members shall make contributions to the Company in accordance with the applicable terms of Section 7.1 of this Agreement. Preferred Members, in their capacity as Members of the Company, shall not be required to make any additional contributions to the Company and shall have no additional liability solely by reason of being Preferred Members in excess of their share of the Company's assets and undistributed profits (subject to their obligation to return distributions wrongfully distributed to them as required by applicable law).

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SECTION 4.4. INVESTMENT OF CAPITAL CONTRIBUTIONS.

(a) The Managing Member shall establish and maintain in the name of the Company an Eligible Investment Account bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Company. The Managing Member shall deposit from the proceeds of the aggregate capital contributions received from the Members, upon their receipt thereof, an amount equal to at least 1% of such aggregate capital contributions into the Eligible Investment Account.

(b) Funds on deposit in the Eligible Investment Account shall be invested by the Managing Member; provided, however, it is understood and agreed that the Managing Member shall not be liable for

any loss arising from such investment in Eligible Investments; provided, further, that none of the funds deposited in the Eligible Investment Account shall be invested in an Eligible Investment or Eligible Investments issued by American General or an Affiliate thereof for a period of five years following the Closing Date. All such Eligible Investments shall be held by the Managing Member for the benefit of the Company, provided, however, that on the day preceding each Dividend Payment Date all interest and other investment income (net of losses and investment expenses) on funds on deposit in the Eligible Investment Account shall be deposited into the account maintained by the Company for receipt of income on the Debentures (the "Company Distribution Account") and shall constitute a portion of the Company's Net Income eligible for distribution to the Members. Funds on deposit in the Eligible Investment Account shall be invested in Eligible Investments that will mature prior to the next succeeding Dividend Payment Date.

SECTION 4.5. CAPITAL ACCOUNTS. An individual capital account (a "Capital Account") shall be established and maintained on the books of the Company for each Member in compliance with Treasury Regulation Sections 1.704-1(b)(2)(iv) and 1.704-2, as amended. Subject to the preceding sentence, each Capital Account will be increased by the amount of the capital contributions made by, and the Net Income allocated to, such Member and reduced by the amount of distributions made by the Company, and Net Losses allocated to the Member. In addition, a Member's Capital Account shall be increased or decreased, as the case may be, for any items specially allocated to such Member under Section 4.7 of this Agreement, and a Common Member's Capital Account shall be increased to the extent that such Common Member pays any costs or expenses of the Company directly out of such Common Member's own funds.

SECTION 4.6. GENERAL ALLOCATIONS. After giving effect to the special allocations set forth in Section 4.7 of this Agreement:

(a) The Company's Net Income for each Fiscal Period shall be allocated, as of the close of business for such Fiscal Period, as follows:

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(i) First, to each Preferred Member, in an amount equal to the excess of (x) the amount of all Dividends (including Additional Dividends) accrued on such Preferred Member's Preferred Securities from the issuance of such Preferred Securities through the close of business for such Fiscal Period, over (y) the amount of Net Income allocated to such Preferred Member (and his predecessors in interest) in respect of such Preferred Securities pursuant to this Section 4.6(a)(i) (and amounts, if any, allocated pursuant to Section 4.7(j) of this Agreement) for all prior Fiscal Periods.

(ii) Second, to each Preferred Member, in an amount equal to the excess of (x) the amount of all Net Losses allocated to such Preferred Member from the date of issuance of such Preferred Member's Preferred Securities through the close of business for such Fiscal Period pursuant to Section 4.6(b)(ii) over (y) the amount of Net Income allocated to such Preferred Member (and his predecessors in interest) in respect of such Preferred Securities pursuant to this Section 4.6(a)(ii) for all prior Fiscal Periods.

(iii) Any remaining Net Income shall be allocated to the Common Members, and shared among them in the ratio in which the Common Members have made contributions to the Company pursuant to Section 4.2 of this Agreement.

(b) The Company's Net Loss for each Fiscal Period shall be allocated, as of the close of business for such Fiscal Period, as follows:

(i) First, to the Common Members (in the ratio in which the Common Members have made contributions to the Company pursuant to Section 4.2 of this Agreement) until the balance of each Common Member's Adjusted Capital Account is reduced to zero.

(ii) Second, to the Preferred Members (in proportion to their respective aggregate Adjusted Capital Account balances) until their Adjusted Capital Account balances are reduced to zero.

(iii) Any remaining Net Loss shall be allocated to the Common Members and shared among them in the ratio in which the Common Members have made contributions to the Company pursuant to Section 4.2 of this Agreement.

(c) The Managing Member may make such changes to the allocations in Sections 4.6(a) and 4.6(b) as it deems reasonably necessary so that, immediately prior to the Company's liquidation (or the exchange of Preferred Securities for a portion of the Debentures), the positive balances in the Capital Accounts of the Preferred Members shall, to the maximum extent possible, equal their respective Liquidation Distributions.

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SECTION 4.7. SPECIAL ALLOCATIONS.

(a) If a Preferred Member delivers a Notice of Conversion to the Conversion Agent pursuant to the appropriate Preferred Securities Designation, which instructs the Conversion Agent to exchange Preferred Securities of a series for a portion of the Debentures of the related series held by the Company and to immediately thereafter convert such Debentures into American General Common Stock, such Preferred Member shall be allocated any interest income (including original issue discount) accruing on a daily basis on the Debentures so converted until the date of such conversion, but only to the extent such interest income was not previously allocated to the Members in a prior Fiscal Period under Section 4.6 of this Agreement or this Section 4.7.

(b) If the Conversion Agent exchanges all of the Preferred Securities of a series for a portion of the Debentures of the related series held by the Company and immediately thereafter exchanges such Debentures for American General Preferred Stock of the related series, pursuant to the appropriate Preferred Securities Designation, the Preferred Members of such series shall be allocated (in proportion to the liquidation preferences of such Preferred Securities held by each such Preferred Member) any interest income (including original issue discount) accruing on a daily basis on the Debentures so exchanged until the date of such exchange, but only to the extent such interest income was not previously allocated to the Members in prior Fiscal Periods under Section 4.6 of this Agreement or this Section 4.7.

(c) If the Conversion Agent exchanges all of the Preferred Securities of any series for a portion of the Debentures of the related series held by the Company and distributes such Debentures to the Preferred Members pursuant to the appropriate Preferred Securities Designation, such Preferred Members shall be allocated (in proportion to the liquidation preferences of such Preferred Securities held by each such Preferred Member) any interest income (including original issue discount) accruing on a daily basis on the Debentures so distributed until the date of such distribution, but only to the extent such interest income was not previously allocated to the Members in prior Fiscal Periods under Section 4.6 of this Agreement or this Section 4.7.

(d) If the Company receives a prepayment premium upon a prepayment of some or all of the Debentures of any series, income, gain or loss recognized by the Company from such prepayment shall be allocated to the Preferred Members whose related Preferred Securities are redeemed pursuant to the appropriate Preferred Securities Designation as a result of such prepayment (in proportion to the liquidation preferences of such Preferred Securities held by each such Preferred Member).

(e) If the Company is deemed to receive a dividend under Section 305(c) of the Code with respect to any series of Debentures,

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holding Preferred Securities of the related series shall be allocated (in proportion to the liquidation preferences of such Preferred Securities held by each such Preferred Member) that portion of such dividend income which is allocable to the portion of such series of Debentures having an aggregate principal amount equal to the aggregate liquidation preference of such Preferred Securities; the balance of such dividend income shall be allocated to the Common Members and shared among them in the ratio in which the Common Members have made contributions to the Company pursuant to Section 4.2 of this Agreement in connection with such Preferred Securities.

(f) All items of loss and deduction in respect of expenses incurred by or on behalf of the Company and paid by a Common Member (or out of such Common Member's share of distributions) shall be allocated entirely to the Common Member which pays such expenses.

(g) For purposes of determining the Net Income, Net Loss or any other items allocable to any Fiscal Period, Net Income, Net Loss and any such other items shall be determined on a daily, monthly or other basis, as determined by the Managing Member using any method that is permissible under Section 706 of the Code and the Treasury Regulations promulgated thereunder. Unless otherwise specified, such Net Income, Net Loss or other items shall be determined for each Fiscal Period.

(h) Notwithstanding anything to the contrary that may be expressed or implied in this Article IV, the interest of the Common Members, in the aggregate, in each item of income, gain, loss, deduction and credit will be equal to at least (i) at any time that aggregate capital contributions to the Company are equal to or less than \$50,000,000, 1% of each such item and (ii) at any time that aggregate capital contributions to the Company are greater than \$50,000,000, at least 1% multiplied by a fraction (not exceeding one and not less than 0.2), the numerator of which is \$50,000,000 and the denominator of which is the lesser of the aggregate balances of the Capital Accounts of all Members at such time and the aggregate capital contributions to the Company of all Members at such time.

(i) The Members intend that the allocations under Section 4.6 of this Agreement and this Section 4.7 conform to Treasury Regulations Sections 1.704-1(b) and 1.704-2 (including, without limitation and to the extent applicable, the minimum gain chargeback, chargeback of partner nonrecourse debt minimum gain, qualified income offset and partner nonrecourse debt provisions of such Treasury Regulations), and the Managing Member shall make such allocations under this Section 4.7, or such changes in the allocations under Section 4.6 of this Agreement, as it believes are reasonably necessary to meet all applicable requirements of such Treasury Regulations.

(j) In the event that, for any Fiscal Period, the Company is required to recognize income in respect of original issue discount on a series of Debentures in

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excess of the aggregate Dividends (including Additional Dividends) accrued for such Fiscal Period in respect of the related series of Preferred Securities, such excess income shall be allocated to the Members in the same ratio as Net Income is allocated under Section 4.6 (a) of this Agreement.

SECTION 4.8. ALLOCATIONS FOR INCOME TAX PURPOSES. The income, gains, losses, deductions and credits of the Company shall be allocated in the same manner as the items entering into the computation of Net Income and Net Loss are allocated under Section 4.6 of this Agreement or as such items are

otherwise allocated under Section 4.7 of this Agreement; provided, however, that solely for federal, state and local income and franchise tax purposes, but not for book or Capital Account purposes, income, gain, loss and deductions with respect to any property properly carried on the Company's books at a value other than the tax basis of such property shall be allocated in a manner determined in the Managing Member's discretion, so as to take into account (consistently with the principles of Section 704(c) of the Code) the difference between such property's book value and its tax basis.

SECTION 4.9. WITHHOLDING. The Company shall comply with withholding requirements under federal, state and local law and shall remit amounts withheld to and file required forms with applicable jurisdictions. To the extent that the Company is required to withhold and pay over any amounts to any authority with respect to distributions or allocations to any Member, the amount withheld shall be deemed to be a distribution in the amount of the withholding to the Member. In the event of any claimed over-withholding, Members shall be limited to an action against the applicable jurisdiction. If the amount withheld was not withheld from actual distributions, the Company may reduce subsequent distributions by the amount of such withholding. Each Member agrees to furnish the Company with such representations and forms as shall reasonably be requested by the Company to assist it in determining the extent of, and in fulfilling, its withholding obligations.

SECTION 4.10. ALLOCATION OF DISTRIBUTIONS. The distributions of the Company shall, subject to the applicable terms of Sections 7.1, 9.1, 9.2, 9.3, 15.4 and 15.5 of this Agreement and of any series of Preferred Securities (including the preferential allocation of distributions, if any), be allocated entirely to the Common Members.

SECTION 4.11. INTERESTS AS PERSONAL PROPERTY. Each Member hereby agrees that its Interest shall for all purposes be personal property. A Member has no interest in specific Company property.

ARTICLE V

MEMBERS

SECTION 5.1. POWERS OF MEMBERS. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Agreement.

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SECTION 5.2. PARTITION. Each Member waives any and all rights that it may have to maintain an action for partition of the Company's property.

SECTION 5.3. RESIGNATION. The Common Members shall have no right to resign from the Company. Any other Member may resign from the Company prior to the liquidation, dissolution and winding up of the Company only upon the assignment of its Interest (including any redemption, repurchase, exchange or other acquisition by the Company of such Interest) in accordance with the provisions of this Agreement. A resigning Member shall not be entitled to receive any distribution and shall not otherwise be entitled to receive the fair value of its Interest except as otherwise expressly provided for in this Agreement.

ARTICLE VI

MANAGEMENT

SECTION 6.1. MANAGEMENT OF THE COMPANY. Except as otherwise provided herein, the business and affairs of the Company shall be managed, and all actions required under this Agreement shall be determined, solely and exclusively by the Managing Member, which shall have all rights and powers on behalf and in the name of the Company to perform all acts necessary and desirable to the objects and purposes of the Company. Without limiting the generality of the foregoing, the Managing Member, in its capacity as a Common Member and not by virtue of any delegation of management power from any Member, shall have the power on behalf of the Company to:

(a) authorize and engage in transactions and dealings on behalf of the Company, including transactions and dealings with any Member (including any Common Member) or any Affiliate of any Member;

- (b) call meetings of Members or any class or series thereof;
- (c) issue Interests, including Common Securities, Preferred Securities and classes and series thereof, in accordance with this Agreement;
- (d) pay all expenses incurred in forming the Company;
- (e) lend money, with or without security, to American General or any Affiliate thereof;
- (f) determine and make distributions (hereinafter sometimes referred to as "dividends"), in cash or otherwise, on Interests, in accordance with the provisions of this Agreement, the Delaware Act and, if applicable, each Preferred Securities Designation;
- (g) establish a record date with respect to all actions to be taken hereunder that require a record date to be established, including with respect to allocations, dividends and voting rights;

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- (h) establish or set aside in their discretion any reserve or reserves for contingencies and for any other proper Company purpose;
- (i) redeem, repurchase or exchange, on behalf of the Company, Interests which may be so redeemed, repurchased or exchanged;
- (j) appoint (and dismiss from appointment) attorneys and agents on behalf of the Company, and employ (and dismiss from employment) any and all persons providing legal, accounting or financial services to the Company, or such other employees or agents as the Managing Member deems necessary or desirable for the management and operation of the Company, including, without limitation, any Member (including any Common Member) or any Affiliate of any Member;
- (k) incur and pay all expenses and obligations incident to the operation and management of the Company, including, without limitation, the services referred to in the preceding paragraph, taxes, interest, travel, rent, insurance, supplies, salaries and wages of the Company's employees and agents;
- (l) acquire and enter into any contract of insurance necessary or desirable for the protection or conservation of the Company and its assets or otherwise in the interest of the Company as the Managing Member shall determine;
- (m) open accounts and deposit, maintain and withdraw funds in the name of the Company in banks, savings and loan associations, brokerage firms or other financial institutions;
- (n) effect a dissolution of the Company and act as liquidating trustee or the Person winding up the Company's affairs, all in accordance with the provisions of this Agreement, the Delaware Act and, if applicable, each Preferred Securities Designation;
- (o) bring and defend on behalf of the Company actions and proceedings at law or equity before any court or governmental, administrative or other regulatory agency, body or commission or otherwise;
- (p) prepare and cause to be prepared reports, statements and other relevant information for distribution to Members as may be required or determined to be necessary or desirable by the Managing Member from time to time;
- (q) prepare and file all necessary returns and statements and pay all taxes, assessments and other impositions applicable to the assets of the Company; and
- (r) execute all other documents or instruments, perform

all duties and powers and do all things for and on behalf of the Company in all matters necessary or desirable or incidental to the foregoing.

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The Managing Member is authorized and directed to conduct its affairs and to operate the Company in such a way that the Company will not be deemed to be an "investment company" required to be registered under the Investment Company Act of 1940, as amended, or taxed as a corporation for federal income tax purposes and so that the Preferred Securities of any series will be treated as indebtedness of American General for federal income tax purposes. In this connection, the Managing Member is authorized to take any action not inconsistent with applicable law, this Agreement and the applicable Preferred Securities Designation and that the Managing Member determines in its discretion to be necessary or desirable for such purposes.

The expression of any power or authority of the Managing Member in this Agreement shall not in any way limit or exclude any other power or authority which is not specifically or expressly set forth in this Agreement.

SECTION 6.2. RELIANCE BY THIRD PARTIES. Persons dealing with the Company are entitled to rely conclusively upon the power and authority of the Managing Member herein set forth.

SECTION 6.3. NO MANAGEMENT BY ANY PREFERRED MEMBERS OR AMERICAN GENERAL. Except as otherwise expressly provided herein, no Preferred Member shall take part in the day-to-day management, operation or control of the business and affairs of the Company. Neither the Preferred Members, in their capacity as Preferred Members of the Company, nor American General, in its capacity as a Common Member, shall be agents of the Company or have any right, power or authority to transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

SECTION 6.4. PREFERRED MEMBERS MAY APPOINT A TRUSTEE. Subject to the terms and conditions set forth in Section 8.1(b) of this Agreement, the Preferred Members of each series of Preferred Securities shall have the right to appoint a trustee, and any trustee so appointed shall have the power to enforce the Company's rights under the Debentures of the related series against American General, enforce the obligations undertaken with respect to such Preferred Securities by American General under the Guarantee and, to the extent permitted by law, declare and pay dividends on such Preferred Securities to the extent funds of the Company are legally available therefor. Without limiting the powers of any trustee so appointed and for the avoidance of any doubt concerning the powers of the trustee, any trustee, in its own name and as trustee of an express trust, may institute a proceeding, including, without limitation, any suit in equity, an action at law or other judicial or administrative proceeding, to enforce the Company's creditor rights directly against American General to the same extent as the Company and on behalf of the Company, and may prosecute such proceeding to judgment or final decree, and enforce the same against American General and collect, out of the property, wherever situated, of American General, the monies adjudged or decreed to be payable in the manner provided by law. The Managing Member agrees to execute and deliver such documents as may be necessary or appropriate for the trustee to exercise such powers.

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SECTION 6.5. BUSINESS TRANSACTIONS OF THE MANAGING MEMBER WITH THE COMPANY. The Managing Member or its Affiliates may lend money to, borrow money from, act as surety, guarantor or endorser for, guarantee or assume one or more obligations of, provide collateral for, and transact other business with, the Company and, subject to applicable law, shall have the same rights and obligations with respect to any such matter as a Person who is not the Managing Member or an Affiliate thereof.

SECTION 6.6. OUTSIDE BUSINESSES. Any Member or Affiliate thereof may engage in or possess an interest in other business ventures of any nature or

description, independently or with others, similar or dissimilar to the business of the Company, and the Company and the Members shall have no rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Company, shall not be deemed wrongful or improper. No Member or Affiliate thereof shall be obligated to present any particular investment opportunity to the Company even if such opportunity is of a character that, if presented to the Company, could be taken by the Company, and any Member or Affiliate thereof shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment opportunity.

ARTICLE VII

COMMON SECURITIES AND PREFERRED SECURITIES

SECTION 7.1. COMMON SECURITIES AND PREFERRED SECURITIES.

(a) The Interests in the Company shall initially be divided into two classes, Common Securities and Preferred Securities.

(b) The Preferred Securities may be issued from time to time in one or more series with such relative rights, powers, preferences, limitations and restrictions as may from time to time be established in a written action or actions of the Managing Member providing for the issue of such series of Preferred Securities as hereinafter provided. Authority is hereby expressly granted to the Managing Member, subject to the provisions of this Agreement, to authorize the issue of one or more series of Preferred Securities and to establish each such series by a written action or actions (including without limitation an amendment of this Agreement) providing for the issue of such series:

(i) the number of Preferred Securities to constitute such series and the distinctive designation thereof;

(ii) whether the Preferred Securities of such series shall have voting rights in addition to those set forth in this Agreement or required by law and, if so, the terms of such voting rights;

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(iii) the annual dividend rate (or method of calculation thereof), if any, on the Preferred Securities of such series, the conditions and dates upon which such dividends shall be payable and the ability of the Company, if any, to defer the dividend payment period for the Preferred Securities of such series, the dates from which such dividends shall accrue, the preference or relation, if other than *pari passu*, which such dividends have with respect to dividends payable on any other class or classes of Interests or on any other series of Preferred Securities, and whether such dividends shall be cumulative or noncumulative;

(iv) whether the Preferred Securities of such series shall be subject to redemption by the Company, and, if made subject to redemption, the times and other terms and conditions of such redemption (including the mandatory or optional nature of such redemption, whether such redemption shall be in whole and/or in part, and the amount and kind of consideration to be received upon such redemption);

(v) the amount or amounts which shall be paid out of the assets of the Company to Preferred Members holding the Preferred Securities of such series upon voluntary or involuntary liquidation, dissolution or winding up of the Company, and any rights in addition to those set forth in this Agreement of the Preferred Members that hold Preferred Securities of such series upon the liquidation, dissolution or winding up of the Company;

(vi) whether or not the Preferred Securities of such series shall be subject to the operation of a retirement or sinking fund, and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the Preferred Securities of such series for retirement and the terms and provisions relative to the operation thereof;

(vii) whether or not the Preferred Securities of such series shall be convertible into, or exchangeable for, Interests of any other class or classes, or of any other series of Preferred Securities, or securities of any other kind, including those issued by the Managing Member, American General or any of its Affiliates, and if so convertible or exchangeable, the terms and conditions of such conversion or exchange, including the price or prices or the rate or rates of conversion or exchange, the method, if any, of adjusting the same and the terms of any right to terminate such conversion or exchange privilege;

(viii) any limitations and restrictions in addition to those set forth in this Agreement to be effective while any Preferred Securities of such series are outstanding upon the payment of dividends or other distributions on, and upon the purchase, redemption or other acquisition by the Company of, Common Securities or any other series of Preferred Securities;

(ix) any conditions or restrictions in addition to those set forth in this Agreement upon the issue of any additional Interests (including additional Preferred

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Securities of such series or Interests of any other series ranking pari passu with or senior to the Preferred Securities of such series as to the payment of dividends or distribution of assets on dissolution);

(x) the times, prices and other terms and conditions for the offering of the Preferred Securities of such series; and

(xi) any other relative rights, powers, preferences, limitations and restrictions as shall not be inconsistent with this Section 7.1.

In connection with the foregoing and without limiting the generality thereof, the Managing Member is hereby expressly authorized, without the vote or approval of any other Member, to take any action to create under the provisions of this Agreement a series of Preferred Securities that was not previously outstanding. Without the vote or approval of any other Member, the Managing Member may execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection with the issue from time to time of Preferred Securities in one or more series as shall be necessary, convenient or desirable to reflect the issue of such series. The Managing Member shall do all things it deems to be appropriate or necessary to comply with the Delaware Act and is authorized and directed to do all things it may deem to be necessary or permissible in connection with any future issuance, including compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or any securities exchange.

Any action or actions taken by the Managing Member pursuant to the provisions of this paragraph (b) shall be deemed an amendment and supplement to and part of this Agreement.

(c) All Preferred Securities shall rank senior to the Common Securities in respect of the right to receive dividends and the right to receive payments out of the assets of the Company upon voluntary or involuntary liquidation, dissolution or winding up of the Company. All Preferred Securities redeemed, purchased or otherwise acquired by the Company (including Preferred Securities surrendered for conversion or exchange) shall be cancelled and thereupon restored to the status of authorized but unissued Preferred Securities undesignated as to series.

(d) No Member shall be entitled as a matter of right to subscribe for or purchase, or have any preemptive right with respect to, any part of any new or additional issue of Common Securities or Preferred Securities of any series whatsoever, or of securities convertible into any Common Securities or Preferred Securities of any series whatsoever, whether now or hereafter authorized and whether issued for cash or other consideration or by way of dividend.

(e) Common Securities shall not be evidenced by any

certificate or other written instrument, but shall only be evidenced by this Agreement. Common Securities shall be non-assignable and non-transferable, and may only be issued to and held by American General (or a successor of American General in accordance with the provisions of the

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Guarantee) and American General Manager. Any transfer or purported transfer of any Common Security shall be null and void. Preferred Securities shall be freely assignable and transferable.

(f) Any Person purchasing Preferred Securities shall be admitted to the Company as a Preferred Member upon compliance with Section 2.7 of this Agreement.

SECTION 7.2. PERSONS DEEMED PREFERRED MEMBERS. The Company may treat the Person in whose name any Preferred Certificate shall be registered on the books and records of the Company as a Preferred Member and the sole holder of such Preferred Certificate for purposes of receiving dividends and for all other purposes whatsoever and, accordingly, shall not be bound to recognize any equitable or other claims to or interest in such Preferred Certificate on the part of any other Person, whether or not the Company shall have actual or other notice thereof.

ARTICLE VIII

VOTING AND MEETINGS

SECTION 8.1. VOTING RIGHTS OF HOLDERS OF PREFERRED SECURITIES.

(a) Except as shall be otherwise provided herein or in the Preferred Securities Designation for any series of Preferred Securities and except as otherwise required by the Delaware Act, the Preferred Members holding such Preferred Securities shall have, with respect to such Preferred Securities, no right or power to vote on any question or matter or in any proceeding or to be represented at, or to receive notice of, any meeting of Members.

(b) If (i) the Company fails to pay dividends in full (including any arrearages and Additional Dividends) on the Preferred Securities of any series for 18 consecutive monthly dividend periods; (ii) an Event of Default (as defined in the Indenture) occurs and is continuing with respect to the Debentures of the related series; or (iii) American General is in default on any of its payment or other obligations under the Guarantee with respect to the Preferred Securities of any series, then the Preferred Members holding a Majority in Liquidation Preference of the outstanding Preferred Securities of such series will be entitled to appoint and authorize a trustee to enforce the Company's rights under such Debentures against American General, enforce the obligations undertaken with respect to such Preferred Securities by American General under the Guarantee and, to the extent permitted by law, declare and pay dividends on such Preferred Securities to the extent funds of the Company are legally available therefor. For purposes of determining whether the Company has failed to pay dividends in full for 18 consecutive monthly dividend periods, dividends shall be deemed to remain in arrears, notwithstanding any partial payments in respect thereof, until all accumulated and unpaid dividends (including any Additional Dividends) have been or contemporaneously are declared and paid with respect to all monthly dividend periods terminating on or prior to the date of payment of such full cumulative dividends. Not later than 30 calendar days after the right

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to appoint a trustee arises and upon not less than 15 calendar days' written notice by first class mail to the Preferred Members holding Preferred Securities of such series, the Managing Member will convene a meeting to elect such a trustee. If the Managing Member fails to convene such meeting within such 30-day period, the Preferred Members holding at least 10% in Liquidation Preference of the Preferred Securities of such series will be entitled to convene such meeting. In the event that, at such meeting, Preferred Members

holding less than a Majority in Liquidation Preference vote for such appointment, no such trustee shall be appointed. Any trustee so appointed shall vacate office immediately, subject to the applicable terms of any Interests the holders of which were entitled to appoint such trustee, if the Company (or American General pursuant to the Guarantee) shall have paid in full all accumulated and unpaid dividends (including any Additional Dividends) on the Preferred Securities of such series or such Event of Default under the Indenture or such default under the Guarantee, as the case may be, shall have been cured. Notwithstanding the appointment of any such trustee, American General shall retain all rights under the Indenture and as obligor under the Debentures of the related series, including any rights it may have to extend the interest payment period of any Debentures, and any such extension would not constitute an Event of Default under the Indenture with respect to such series of Debentures or enable a holder of Preferred Securities of the related series to require the payment of a dividend that has not theretofore been declared.

In furtherance of the foregoing, and without limiting the powers of any trustee so appointed and for the avoidance of any doubt concerning the powers of such trustee, the trustee, in its own name and as trustee of an express trust for the benefit of the related Preferred Members, may institute a proceeding, including, without limitation, any suit in equity, an action at law or other judicial or administrative proceeding, to enforce the Company's creditor rights directly against American General to the same extent as the Company and on behalf of the Company, and may prosecute such proceeding to judgment or final decree, and enforce the same against American General and, subject to any subordination provisions contained in the Indenture, collect, out of the property, wherever situated, of American General the monies adjudged or decreed to be payable in the manner and to the extent provided by law.

So long as the Debentures of any series are held by the Company, the Managing Member shall not (i) at any time in which a trustee has been appointed pursuant to this Section 8.1(b), direct the time, method and place of conducting any proceeding for any remedy available to such trustee or the trustee under the Indenture with respect to such series of Debentures, or exercising any trust or power conferred on such trustee or the trustee under the Indenture with respect to such series of Debentures, (ii) waive compliance with, or any past default under, the Debentures of such series or the Indenture (to the extent that the holder of such Debentures is entitled to the benefits of the covenant or condition waived or breached), (iii) exercise any right to rescind or annul a declaration that the principal of the Debentures of such series shall be due and payable, (iv) consent to any amendment, modification or termination of the Debentures of such series or of the Indenture without, in each case, obtaining the prior approval of the Preferred Members holding at least 66-2/3% in Liquidation Preference of the Preferred Securities of such series; provided, however, that where a waiver or consent to an amendment or modification of a Debenture of the Indenture under the

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Debentures of such series would, under the Indenture, require the waiver or consent of each holder affected thereby, no such consent shall be given by the Managing Member without the prior consent of each Preferred Member holding Preferred Securities of such series. The Managing Member shall not revoke any action previously authorized or approved by a vote or the consent of Preferred Members holding Preferred Securities of such series, without the approval of Preferred Members holding at least 66-2/3% in Liquidation Preference of the Preferred Securities of such series (or, if such action required the approval of each such Preferred Member, then only with the approval of each such Preferred Member). The Managing Member shall notify all Preferred Members holding Preferred Securities of such series of any notice of default with respect to the Debentures of the related series received from the trustee under the Indenture.

(c) If any proposed amendment to this Agreement or the Preferred Securities Designation for any series of Preferred Securities provides for, or the Managing Member otherwise proposes to effect:

(i) any action that would materially adversely affect the powers, preferences or special rights of the Preferred Securities of such series, whether by way of amendment of this Agreement, such Preferred Securities Designation or otherwise (including, without limitation, the authorization or issuance of any Interests in the Company ranking, as to payment of dividends or

distribution of assets upon liquidation, dissolution or winding up of the Company, senior to the Preferred Securities of such series),

(ii) the liquidation, dissolution or winding up of the Company (in any case other than in connection with the exchange of Preferred Securities of such series for other securities pursuant to the terms of such series of Preferred Securities), or

(iii) the commencement of any voluntary bankruptcy, insolvency, reorganization or other similar proceeding involving the Company,

then the Preferred Members holding outstanding Preferred Securities of such series, together with, if any such resolution or action described in clause (i) above would materially adversely affect the powers, preferences or special rights of any Company Dividend Parity Securities or any Company Liquidation Parity Securities, the holders of such Company Dividend Parity Securities or such Company Liquidation Parity Securities, as the case may be, or, with respect to any such resolution or action described in clause (ii) or (iii) above, the holders of all Company Liquidation Parity Securities, will be entitled to vote together as a class on such resolution or action of the Managing Member (but not any other resolution or action) and such resolution or action shall not be effective except with the approval of the Preferred Members holding at least 66-2/3% in Liquidation Preference of such outstanding securities; provided, however, that no such approval shall be required if the liquidation, dissolution or winding-up of the Company is proposed or initiated upon the occurrence of any of the events specified in Section 15.2(a) through (c) and (e) through (f).

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The powers, preferences or special rights of the Preferred Securities of any series will be deemed not to be adversely affected by the creation or issuance of, and no vote will be required for the creation or issuance of, any further Interests in the Company ranking junior to or *pari passu* with the Preferred Securities of such series with respect to voting rights or rights to payment of dividends or distribution of assets upon liquidation, dissolution or winding-up of the Company.

(d) Notwithstanding any provision to the contrary herein, the first sentence of Section 14.1 of this Agreement may only be amended with the consent of each Preferred Member; provided that, to the fullest extent permitted by applicable law, any such amendment shall not permit the Preferred Members to approve any transferee of Common Securities.

(e) Notwithstanding that Preferred Members holding Preferred Securities of any series are entitled to vote or consent under any of the circumstances described in this Agreement, any of the Preferred Securities of any series that are owned by American General or by any entity more than 50% of which is owned by American General, either directly or indirectly, shall not be entitled to vote or consent and shall, for the purposes of such vote or consent, be treated as if they were not outstanding.

SECTION 8.2. VOTING RIGHTS OF HOLDERS OF COMMON SECURITIES. Except as otherwise provided herein or in the Preferred Securities Designation for any series of Preferred Securities and except as otherwise required by the Delaware Act, all voting rights of the Company shall be vested exclusively in the Common Members. The Common Securities shall entitle the Common Members to vote in proportion to their percentage ownership interest of Common Securities upon all matters upon which Common Members have the right to vote. All Common Members shall have the right to vote separately as a class on any matter on which the Common Members have the right to vote regardless of the voting rights of any other Member.

SECTION 8.3. MEETINGS OF THE MEMBERS.

(a) Meetings of the Members of any class or series or of all classes or series of Interests may be called at any time by the Managing Member or as provided by any applicable Preferred Securities Designation. Except to the extent otherwise provided, the following provisions shall apply to meetings of Members.

(b) Members may vote in person or by proxy at such meeting. Whenever a vote, consent or approval of Members is permitted or

required under this Agreement or any applicable Preferred Securities Designation, such vote, consent or approval may be given at a meeting of Members or by written consent.

(c) Each Member may authorize any Person to act for it by proxy on all matters in which a Member is entitled to vote, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member or its

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attorney-in-fact and shall be revocable at the pleasure of the Member executing it at any time before it is voted.

(d) Each meeting of Members shall be conducted by the Managing Member or by such other Person that the Managing Member may designate.

(e) Any required approval of Preferred Members holding Preferred Securities of a series may be given at a separate meeting of such Preferred Members convened for such purpose or at a meeting of Members of the Company or pursuant to written consents. The Managing Member will cause a notice of any meeting at which Preferred Members holding Preferred Securities of a series are entitled to vote, or of any matter upon which action by written consent of such Preferred Members is to be taken, to be mailed to each Preferred Member holding Preferred Securities of such series. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any matter on which such Preferred Members are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

(f) Subject to Section 8.3(e) and the applicable Preferred Securities Designation, the Managing Member, in its sole discretion, shall establish all other provisions relating to meetings of Members, including notice of the time, place or purpose of any meeting at which any matter is to be voted on by any Members, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements (but in no event higher than 66 2/3% in Liquidation Preference of the Preferred Securities of any series), voting in person or by proxy or any other matter with respect to the exercise of any such right to vote.

ARTICLE IX

DIVIDENDS

SECTION 9.1. DIVIDENDS. (a) Preferred Members shall receive periodic dividends, if any, in accordance with the Preferred Securities Designation for the Preferred Securities of any particular series, as and when declared by the Managing Member, and Common Members shall receive periodic dividends, subject to Section 9.3 of this Agreement, the applicable terms of any series of Preferred Securities and the provisions of the Delaware Act, as and when declared by the Managing Member, in its discretion out of funds of the Company legally available therefor.

(b) Dividends on the Preferred Securities shall be declared by the Managing Member to the extent that the Managing Member reasonably anticipates that at the time of payment the Company will have, and must be paid by the Company to the extent that at the time of proposed payment it has, (i) funds legally available for the payment of such dividends and (ii) cash on hand sufficient to permit such payments.

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(c) A Preferred Member shall not be entitled to receive any dividend with respect to the Preferred Securities of any series, irrespective of whether such dividend has been declared by the Managing Member, prior to the date on which such dividend is payable (the "Dividend Payment Date") and until such time as the Company has received the interest payment on the Debentures of the related series for the interest payment date

corresponding to such Divided Payment Date and such monies are available for distribution to the Preferred Member pursuant to the terms of this Agreement and the Delaware Act, and notwithstanding any provision of Section 18-606 of the Delaware Act to the contrary, until such time, a Preferred Member shall not have the status of a creditor of the Company, or the remedies available to a creditor of the Company.

SECTION 9.2. LIMITATIONS ON DISTRIBUTIONS. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution (including a dividend) to any Member on account of its Interest if such distribution would violate Section 18-607 of the Delaware Act or other applicable law.

SECTION 9.3. CERTAIN RESTRICTIONS ON THE PAYMENT OF DIVIDENDS. If accumulated dividends (including Additional Dividends) have not been paid in full on the Preferred Securities of any series then outstanding, the Company shall not:

(i) pay, or declare and set aside for payment, any dividends on the Preferred Securities of any other series or any other Interests in the Company ranking pari passu with the Preferred Securities of such series as to the payment of dividends ("Company Dividend Parity Securities"), unless the amount of any dividends declared on such Company Dividend Parity Securities is paid on such Company Dividend Parity Securities and the Preferred Securities of such series on a pro rata basis on the date such dividends are paid on such Company Dividend Parity Securities, so that the ratio of

(x) (A) the aggregate amount paid as dividends on the Preferred Securities of such series to (B) the aggregate amount paid as dividends on the Company Dividend Parity Securities is the same as the ratio of

(y) (A) the aggregate amount of all accumulated arrears of unpaid dividends on the Preferred Securities of such series to (B) the aggregate amount of all accumulated arrears of unpaid dividends on the Company Dividend Parity Securities;

(ii) pay, or declare and set aside for payment, any dividends on any Interests in the Company ranking junior to the Preferred Securities of such series as to the payment of dividends ("Company Dividend Junior Securities"); or

(iii) redeem, purchase or otherwise acquire any Company Dividend Parity Securities or Company Dividend Junior Securities (other than purchases or acquisitions resulting from the reclassification of such Securities or the exchange or conversion of any Company Dividend Parity Security or Company Dividend Junior

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Security pursuant to the terms thereof or the purchase of fractional interests therein upon such conversion or exchange);

until, in each case, such time as all accumulated and unpaid dividends (including Additional Dividends) on all of the Preferred Securities of such series shall have been paid in full or have been irrevocably set aside for payment in full for all dividend periods terminating on or prior to, in the case of clauses (i) and (ii), the date of such payment, and in the case of clause (iii), the date of such redemption, purchase or other acquisition.

ARTICLE X

BOOKS AND RECORDS

SECTION 10.1. BOOKS AND RECORDS; ACCOUNTING. The Managing Member shall keep or cause to be kept at the address of the Managing Member (or at such other place as the Managing Member shall determine) true and full books and records regarding the status of the business and financial condition of the Company.

SECTION 10.2. FISCAL YEAR. The fiscal year of the Company for

federal income tax and accounting purposes shall, except as otherwise required in accordance with the Code, end on December 31 of each year.

SECTION 10.3. LIMITATION ON ACCESS TO RECORDS. Notwithstanding any provision of this Agreement, the Managing Member may, to the maximum extent permitted by law, keep confidential from the Preferred Members any information the disclosure of which the Managing Member reasonably believes is not in the best interest of the Company or could damage the Company or its business or which the Company or the Managing Member is required by law or by an agreement with any Person to keep confidential.

ARTICLE XI

TAX MATTERS

SECTION 11.1. COMPANY TAX RETURNS. (a) The Managing Member shall cause to be prepared and timely filed all tax returns required to be filed for the Company. The Managing Member may, in its discretion, make or refrain from making any federal, state or local income or other tax elections for the Company that it deems necessary or advisable, including, without limitation, any election under Section 754 of the Code or any successor provision.

(b) The Managing Member is hereby designated as the Company's "Tax Matters Partner" under Code Section 6231(a)(7) and shall have all the powers and responsibilities of such position as provided in the Code. The Managing Member is specifically directed and authorized to take whatever steps the Managing Member, in its discretion, deems necessary or desirable to perfect such designation, including filing any

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forms or documents with the Internal Revenue Service and taking such other action as may from time to time be required under the regulations issued under the Code. Expenses incurred by the Tax Matters Partner, in its capacity as such, will be borne by the Company.

SECTION 11.2. TAX REPORTS. The Managing Member shall, as promptly as practicable and in any event within 90 days after the end of each fiscal year, cause to be prepared and mailed to each Preferred Member of record federal income tax form K-1 and any other forms which are necessary or advisable.

SECTION 11.3. TAXATION AS PARTNERSHIP. The Members recognize that the Company will be treated as a partnership for U.S. federal income tax purposes, and the Managing Member shall operate the Company in such a manner as will preserve its treatment as a partnership for U.S. federal income tax purposes.

ARTICLE XII

EXPENSES

SECTION 12.1. EXPENSES. Except as otherwise provided in this Agreement, the Company shall be responsible for and shall pay all expenses out of funds of the Company determined by the Managing Member to be available for such purpose, provided that such expenses or obligations are those of the Company or are otherwise incurred by the Managing Member in connection with this Agreement, including, without limitation:

(a) all costs and expenses related to the business of the Company and all routine administrative expenses of the Company, including the maintenance of books and records of the Company, the preparation and dispatch to the Members of checks, financial reports, tax returns and notices required pursuant to this Agreement and the holding of any meetings of the Members;

(b) all expenses incurred in connection with any litigation involving the Company (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith (other than expenses incurred by the Managing Member in connection with any litigation brought by or on behalf of any Member against the Managing Member);

(c) all expenses for indemnity or contribution payable by the Company to any Person;

(d) all expenses incurred in connection with the collection of amounts due to the Company from any Person;

(e) all expenses incurred in connection with the preparation of amendments to this Agreement; and

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(f) all expenses incurred in connection with the liquidation, dissolution or winding-up of the Company.

ARTICLE XIII

LIABILITY

SECTION 13.1. LIABILITY OF COMMON MEMBERS. Each Common Member, by acquiring its Interest and being admitted to the Company as a Common Member, shall be liable to the creditors of the Company (other than to Members holding other classes or series of Interests, in their capacity as Members) (hereinafter referred to individually as a "Third Party Creditor," and collectively as the "Third Party Creditors") to the same extent that a general partner of a limited partnership formed under the LP Act is liable under Section 17-403(b) of the LP Act to creditors of the limited partnership (other than the other partners in their capacity as partners), as if the Company were a limited partnership formed under the LP Act and the Common Members were general partners of the limited partnership. In furtherance but not in limitation of the generality of the foregoing, each Common Member is liable for any and all debts, obligations and other liabilities of the Company, whether arising under contract or by tort, statute, operation of law or otherwise, all of which shall be enforceable directly and absolutely against each Common Member by each Third Party Creditor.

SECTION 13.2. LIABILITY OF PREFERRED MEMBERS.

(a) Except as otherwise provided by the Delaware Act, (i) the debts, obligations and liabilities of the Company, whether arising by contract, tort, statute, operation of law or otherwise, shall be solely the debts, obligations and liabilities of the Company and, to the extent set forth in Section 13.1. of this Agreement, the Common Members and (ii) no Preferred Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Preferred Member of the Company.

(b) A Preferred Member, in its capacity as such, shall have no liability in excess of (i) the amount of its capital contributions, (ii) its share of any assets and undistributed profits of the Company, (iii) any amounts required to be paid by such Preferred Member in the Preferred Securities Designation for the series of Preferred Securities held by such Preferred Member and (iv) the amount of any distributions wrongfully distributed to it.

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ARTICLE XIV

ASSIGNMENT OF INTERESTS

SECTION 14.1. ASSIGNMENT OF INTERESTS. Notwithstanding anything to the contrary in this Agreement, after the date hereof Common Securities shall be non-assignable and non-transferable (other than pursuant to a merger or consolidation of a Common Member), and may only be issued to a Common Member and held by the Common Member which holds such Common Security on the date hereof. Preferred Securities shall be freely assignable and transferable, subject to the provisions of Section 2.7 of this Agreement.

SECTION 14.2. RIGHT OF ASSIGNEE TO BECOME A MEMBER. An assignee of a Preferred Security shall become a Preferred Member upon compliance with the provisions of Section 2.7 of this Agreement.

SECTION 14.3. EVENTS OF CESSATION OF MEMBERSHIP. A Person shall cease to be a Member upon the lawful assignment of its Interests (including any redemption, exchange or other repurchase by the Company or the Common Members) or as otherwise provided herein.

ARTICLE XV

DISSOLUTION, LIQUIDATION AND TERMINATION

SECTION 15.1. NO DISSOLUTION. The Company shall not be dissolved by the admission of Members in accordance with the terms of this Agreement. Except as provided in Sections 15.2(b) and (c) of this Agreement, the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member, or the occurrence of any other event which terminates the continued membership of a Member in the Company, shall not cause the Company to be dissolved and its affairs wound up so long as the Company at all times has at least two Members. Upon the occurrence of any such event, the business of the Company shall be continued without dissolution.

SECTION 15.2. EVENTS CAUSING DISSOLUTION. The Company shall be dissolved and its affairs shall be wound up upon the earliest to occur of any of the following events:

- (a) the expiration of the term of the Company, as provided in Section 2.3 of this Agreement;
- (b) a decree or order by a court having jurisdiction shall have been entered adjudging either of the Common Members a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of either of the Common Members under any applicable Federal or State bankruptcy or similar law, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator,

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trustee, assignee, sequestrator or similar official in bankruptcy or insolvency of either of the Common Members or of all or substantially all of its property, or for the winding-up or liquidation of its affairs, shall have been entered, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or either of the Common Members shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization, arrangement, adjustment or composition under any applicable Federal or State bankruptcy or similar law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, liquidator, trustee, assignee, sequestrator or similar official in bankruptcy or insolvency of either of the Common Members or of all or substantially all of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due and its willingness to be adjudged a bankrupt, or corporate action shall be taken by either of the Common Members in furtherance of any of the aforesaid purposes;

(c) the withdrawal, retirement, resignation, expulsion, dissolution, winding-up or liquidation of any Common Member or the occurrence of any other event that terminates the continued membership of any Common Member under the Delaware Act;

(d) the decision made by the Managing Member (subject to the voting rights of Preferred Members set forth in Section 8.1 of this Agreement) to dissolve the Company;

(e) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Delaware Act;

(f) the election of the Managing Member, in connection with the exchange of all series of Preferred Securities outstanding (in accordance with the Preferred Securities Designation for such series of Preferred Securities) for the related series of Debentures;

or

(g) the written consent of all Members.

SECTION 15.3. NOTICE OF DISSOLUTION. Upon the dissolution of the Company, the Managing Member shall promptly notify the Members of such dissolution.

SECTION 15.4. LIQUIDATION. Upon dissolution of the Company, the Managing Member or, in the event that the dissolution is caused by an event described in Sections 15.2(b) and (c) and there is no Managing Member, a Person or Persons who may be approved by the Preferred Members holding a Majority in Liquidation Preference of the Preferred Securities, as liquidating trustees, shall immediately commence to wind-up the Company's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the

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Members to minimize the normal losses attendant upon a liquidation. The proceeds of liquidation shall be distributed, as realized, in the manner provided in Section 18-804 of the Delaware Act, subject to the Preferred Securities Designation for any series of Preferred Securities and Section 15.5 of this Agreement.

SECTION 15.5. CERTAIN RESTRICTIONS ON LIQUIDATION PAYMENTS. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company other than in connection with the exchange of all series of Preferred Securities outstanding (in accordance with the Preferred Securities Designation for each such series of Preferred Securities) for the related series Debentures, Preferred Members holding Preferred Securities of each series at the time outstanding will be entitled to receive out of the assets of the Company legally available for distribution to Members, before any distribution of assets is made to Common Members or Members holding any other class of Interests in the Company ranking junior to the Preferred Securities of such series as to the distribution of assets upon liquidation, dissolution or winding-up of the Company, but together with Preferred Members holding Preferred Securities of any other series or any other Interests in the Company then outstanding ranking pari passu with the Preferred Securities of such series as to the distribution of assets upon liquidation, dissolution or winding-up of the Company ("Company Liquidation Parity Securities"), an amount equal to the aggregate liquidation preference for Preferred Securities of such series as set forth in the applicable Preferred Securities Designation plus all accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date of payment (the "Liquidation Distribution"). If, upon any such liquidation, dissolution or winding-up, the Liquidation Distributions can be paid only in part because the Company has insufficient assets available to pay in full the aggregate Liquidation Distributions and the aggregate maximum liquidation distributions on the Company Liquidation Parity Securities, then the amounts payable directly by the Company on the Preferred Securities of such series and on such Company Liquidation Parity Securities shall be paid on a pro rata basis, so that the ratio of

(i) (x) the aggregate amount paid as Liquidation Distributions on the Preferred Securities of such series to (y) the aggregate amount paid as liquidation distributions on the Company Liquidation Parity Securities, is the same as the ratio of

(ii) (x) the aggregate Liquidation Distributions on the Preferred Securities of such series to (y) the aggregate maximum liquidation distributions on the Company Liquidation Parity Securities.

SECTION 15.6. TERMINATION. The Company shall terminate when all of the assets of the Company have been distributed in the manner provided for in this Article XV, and the Certificate shall have been cancelled in the manner required by the Delaware Act.

ARTICLE XVI

MISCELLANEOUS

SECTION 16.1. AMENDMENTS. Except as otherwise provided in this Agreement or by any applicable Preferred Securities Designation, this Agreement may be amended by, and only by, a written instrument executed by the Common Members.

SECTION 16.2. SUCCESSORS; COUNTERPARTS. This Agreement (a) shall be binding as to the executors, administrators, estates, heirs and legal successors, or nominees or representatives, of the Members and (b) may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart. No person other than the Members and their respective executors, administrators, estates, heirs and legal successors, or their nominees or representatives, shall obtain any rights by virtue of this Agreement.

SECTION 16.3. GOVERNING LAW; SEVERABILITY. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflict of laws thereof. In particular, this Agreement shall be construed to the maximum extent possible to comply with all of the terms and conditions of the Delaware Act. If, nevertheless, it shall be determined by a court of competent jurisdiction that any provisions or wording of this Agreement shall be invalid or unenforceable under the Delaware Act or other applicable law, such invalidity or unenforceability shall not invalidate the entire Agreement. In that case, this Agreement shall be construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provisions cannot be so limited, this Agreement shall be construed to omit such invalid or unenforceable provisions. If it shall be determined by a court of competent jurisdiction that any provision relating to the distributions and allocations of the Company or to any fee payable by the Company is invalid or unenforceable, this Agreement shall be construed or interpreted so as (a) to make it enforceable or valid and (b) to make the distributions and allocations as closely equivalent to those set forth in this Agreement as is permissible under applicable law.

SECTION 16.4. FILINGS. Following the execution and delivery of this Agreement, the Managing Member shall promptly prepare any documents required to be filed and recorded under the Delaware Act, and the Managing Member shall promptly cause each such document to be filed and recorded in accordance with the Delaware Act and, to the extent required by local law, to be filed and recorded or notice thereof to be published in the appropriate place in each jurisdiction in which the Company may hereafter establish a place of business. The Managing Member shall also promptly cause to be filed, recorded and published such statements or other instruments required by any provision of any applicable law of the United States or any state or other jurisdiction which governs the conduct of its business from time to time.

SECTION 16.5. POWER OF ATTORNEY. Each Preferred Member does hereby constitute and appoint the Managing Member as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign, deliver and file (a) any amendment of the Certificate required because of an amendment to this Agreement or in order to effectuate any change in the membership of the Company, (b) any amendment to this Agreement made in accordance with the terms hereof and (c) all such other instruments, documents and certificates which may from time to time be required by the laws of the United States of America, the State of Delaware or any other jurisdiction, or any political subdivision of agency thereof, to effectuate, implement and continue the valid and subsisting existence of the Company or to dissolve the Company or for any other purpose consistent with this Agreement and the transactions contemplated hereby.

The power of attorney granted hereby is coupled with an interest and shall (a) survive and not be affected by the subsequent death, incapacity, disability, dissolution, termination or bankruptcy of the Preferred Member granting the same or the transfer of all or any portion of such Preferred

Member's Interest and (b) extend to such Preferred Member's successors, assigns and legal representatives.

SECTION 16.6. EXCULPATION. (a) No Covered Person shall be liable to the Company or any Member for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this Agreement.

(b) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

SECTION 16.7. INDEMNIFICATION. To the fullest extent permitted by applicable law, an Indemnified Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Indemnified Person by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Agreement; provided, however, that any indemnity under this Section 16.7 shall be provided out of and to the extent of Company assets only, and no Member shall have any personal liability on account thereof. The right of indemnification pursuant to this Section 16.7 shall include the right to be paid, in advance, or reimbursed by the Company for the reasonable expenses incurred by an Indemnified Person who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

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SECTION 16.8. ADDITIONAL DOCUMENTS. Each Preferred Member, upon the request of the Managing Member, agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

SECTION 16.9. NOTICES. All notices provided for in this Agreement shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

(i) If given to the Company, in care of the Managing Member at the Company's mailing address set forth below:

c/o American General Delaware Management Corporation
2099 South Dupont Avenue
Dover, Delaware 19901
Facsimile No.: (302) 697-1017
Attention: David C. Hughes
Secretary

(ii) If given to any Member, at the address set forth on the registration books maintained by or on behalf of the Company.

Each such notice, request or other communication shall be effective (a) if given by telecopier, when transmitted to the number specified in such registration books and the appropriate confirmation is received, (b) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (c) if given by any other means, when delivered at the address specified in such registration books.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as

of the date first above stated.

AMERICAN GENERAL CORPORATION

By: _____
Name: _____
Title: _____

AMERICAN GENERAL DELAWARE
MANAGEMENT CORPORATION

By: _____
Name: _____
Title: _____

AMERICAN GENERAL CORPORATION

STATEMENT OF RESOLUTION ESTABLISHING A SERIES OF SHARES

PROVIDING FOR THE ISSUANCE OF SERIES A
CUMULATIVE CONVERTIBLE PREFERRED STOCK PURSUANT TO
ARTICLE 2.13 OF THE TEXAS BUSINESS CORPORATION ACT

Pursuant to the provisions of Article 2.13 of the Texas Business Corporation Act, the undersigned corporation submits the following statement for the purpose of establishing and designating a series of shares of its Preferred Stock and fixing and determining the designations, preferences, limitations and relative rights thereof:

1. The name of the corporation is American General Corporation (the "Corporation").

2. The following resolutions, establishing and designating a series of shares and fixing and determining the designations, preferences, limitations and relative rights thereof, was duly adopted by the Board of Directors of the Corporation or an authorized committee thereof on _____, 1995:

RESOLVED, that pursuant to Article Four of the Restated Articles of Incorporation of the Corporation, as amended, which authorizes the issuance of three hundred sixty million (360,000,000) shares, consisting of sixty million (60,000,000) shares of Preferred Stock of the par value of one dollar fifty cents (\$1.50) per share (hereinafter referred to as the "Preferred Stock"), none of which is currently outstanding, and three hundred million (300,000,000) shares of Common Stock of the par value of fifty cents (\$.50) per share (hereinafter referred to as the "Common Stock"), the Corporation hereby provides for the issuance of a series of Preferred Stock, designated as Series A Cumulative Convertible Preferred Stock, and hereby fixes the designations, preferences, limitations and relative rights of the shares of the Series A Cumulative Convertible Preferred Stock, in addition to those set forth in such Article Four, which shall be as follows:

SECTION 1. DESIGNATION AND AMOUNT; SPECIAL PURPOSE; RESTRICTION ON SENIOR SERIES.

(a) The shares of this series of Preferred Stock shall be designated as "Series A Cumulative Convertible Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be _____, par value \$1.50 per share. The number of authorized shares of Series

A Preferred Stock may be reduced to a number not less than the number of shares then issued plus the number of shares then issuable upon the conversion of the then outstanding Subordinated Debentures (as defined in Section 1(b))

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by further resolution duly adopted by the Board of Directors of the Corporation or a duly authorized committee thereof and by the filing of a certificate pursuant to the provisions of the Texas Business Corporation Act stating that such reduction has been so authorized.

(b) Shares of Series A Preferred Stock shall be issued only upon conversion of _____% Series A Convertible Junior Subordinated Debentures due 2025 of the Corporation (the "Subordinated Debentures"). Such conversion may occur immediately following the exchange of all outstanding _____ Preferred Securities, Series A (the "American General Delaware Series A Preferred Securities") of American General Delaware, L.L.C., a Delaware limited liability company ("American General Delaware"), for Subordinated Debentures pursuant to a valid exchange election (the "Exchange Election") by the holders of a majority of the aggregate liquidation preference of the American General Delaware Series A Preferred Securities then outstanding in accordance with the provisions of Section 9 of the Written Action, dated as of _____, 1995, of the Managing Member of American General Delaware establishing the terms of the American General Delaware Series A Preferred Securities.

(c) Prior to an Exchange Election and if any American General Delaware Series A Preferred Securities are then outstanding, the Corporation shall not authorize or issue any other class or series of capital stock ranking senior to the Series A Preferred Stock as to the payment of dividends or distribution of assets upon liquidation, dissolution or winding-up of the Corporation without the approval of the holders of not less than 66-2/3% of the aggregate liquidation preference of the American General Delaware Series A Preferred Securities then outstanding.

SECTION 2. DIVIDENDS AND DISTRIBUTIONS.

(a)(1) The holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation out of funds legally available therefor, cumulative cash dividends at a rate per annum of _____% of the liquidation preference of \$_____ per share of Series A Preferred Stock. The amount of dividends payable for a full monthly dividend period shall be computed on the basis of a 360-day year consisting of twelve 30-day months and, for any period shorter than a full monthly dividend period, shall be computed on the basis of the actual number of days elapsed in such period. Dividends on the Series A Preferred Stock shall accrue from the date of the Exchange Election and, subject to the declaration of such dividends, shall be payable in United States dollars monthly in arrears on the last day of each calendar month of each year.

(2) Dividends shall accrue and be cumulative whether or not they have been earned or declared and whether or not there are funds of the Corporation legally available for the payment of dividends. Accrued but unpaid interest (including additional interest, if any, payable in accordance with the terms of the Subordinated Debentures) on the

Subordinated Debentures converted into Series A Preferred Stock, if any, on the date of the Exchange Election shall constitute, and be treated as, accumulated and unpaid dividends on the Series A Preferred Stock.

(b) Dividends will be payable to the holders of shares of Series A Preferred Stock as of the relevant record dates, which, if and so long as the Series A Preferred Stock is represented by one or more global certificates through the book-entry system of a Clearing Agency (as defined below), will be one Business Day (as defined below) prior to the related dividend payment dates. In the event that the Series A Preferred Stock shall not continue to be so represented, the Board of Directors shall have the right to select relevant record dates that are more than one Business Day prior to the related dividend payment dates. A "Clearing Agency" means an organization registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that is acting as depositary for the Series A Preferred Stock and in whose name (or nominee's name) shall be registered one or more global certificates representing Series A Preferred Stock and which shall undertake to effect book-entry transfers and pledges of interests in the Series A Preferred Stock. In the event that any date on which dividends are payable on the Series A Preferred Stock is not a Business Day, then payment of the dividend payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. A "Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

(c) If full cumulative dividends on the Series A Preferred Stock have not been declared and paid or irrevocably set apart for payment when due, then, subject to the next succeeding sentence, the Corporation shall not declare or pay any dividend on any Dividend Pari Passu Security or Dividend Junior Security (each as defined below). The preceding sentence, however, shall not apply to, or prohibit (i) dividends as a result of a reclassification of Dividend Pari Passu Securities or Dividend Junior Securities, (ii) dividends of any share purchase rights issued by the Corporation pursuant to the Rights Agreement, dated as of July 27, 1989, between the Corporation and First Chicago Trust Company of New York, as amended from time to time, (iii) dividends or distributions of similar share purchase rights in the future, (iv) dividends or distributions in shares of Common Stock or another class or series of capital stock of the Corporation that is junior to the Series A Preferred Stock as to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding-up of the Corporation, or (v) dividends with respect to Dividend Pari Passu Securities in accordance with the following sentence. If

full cumulative dividends have not been paid upon the shares of Series A Preferred Stock and any other class or series of Dividend Pari Passu Securities, all dividends declared upon shares of Series A Preferred Stock and any other such series of Dividend Pari Passu

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Securities shall, if declared, be declared pro rata so that the amount of cash dividends declared per share on the Series A Preferred Stock and such other class or series of Dividend Pari Passu Securities shall in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of Series A Preferred Stock and such other class or series of Dividend Pari Passu Securities bear to each other.

The term "Dividend Pari Passu Security" means any preference stock or preferred stock or other capital stock of the Corporation and any guarantee entered into by the Corporation in respect of any preference stock or preferred stock of any affiliate of the Corporation ranking pari passu with the Series A Preferred Stock as to the payment of dividends. "Dividend Junior Security" means Common Stock, Series A Junior Participating Preferred Stock of the Corporation and any other class or series of capital stock of the Corporation ranking junior to the Series A Preferred Stock as to the payment of dividends.

(d) Accruals of dividends on the Series A Preferred Stock shall not bear interest, regardless of whether funds shall be legally available for the declaration or payment thereof.

SECTION 3. VOTING RIGHTS.

(a) The holders of the shares of Series A Preferred Stock shall have no right or power to vote on any question or matter or in any proceeding or to be represented at, or to receive notice of, any meeting of shareholders of the Corporation, except as specifically required by the laws of the State of Texas or by the provisions of the Restated Articles of Incorporation of the Corporation, as amended, and except as provided in this Section 3.

(b) In the event that full cumulative dividends on the Series A Preferred Stock are not paid for 18 consecutive monthly dividend periods (including for this purpose any monthly periods in which full dividends were not paid on the American General Delaware Series A Preferred Securities prior to the Exchange Election), the number of directors of the Corporation constituting the entire Board of Directors shall be increased by two persons and the holders of shares of the Series A Preferred Stock (voting separately as a class together with the holders of shares of all other series of capital stock of the Corporation ranking pari passu with the Series A Preferred Stock as to the payment of dividends and having the then present right to elect one or more directors as a result of a dividend arrearage but not then entitled to other separate voting rights to elect one or more directors in the event of

such an arrearage (herein referred to as "Class Voting Stock")), shall have the right to elect such directors to fill such positions at any regular meeting of shareholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A Preferred Stock and such other Class Voting Stock called as provided in paragraph (c) below. Whenever all arrearages of dividends on the Series A Preferred Stock then outstanding shall have been paid or declared and irrevocably set apart for payment, then the right of the holders of shares of the Series A Preferred Stock (and, subject to the terms of such other Class Voting Stock, such other Class Voting Stock) to elect such

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additional two directors shall cease (but subject always to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in dividends), and the terms of office of all persons elected as directors by the holders of shares of the Series A Preferred Stock and such other Class Voting Stock shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly.

(c) At any time after the voting power referred to in paragraph (b) above, shall have been so vested in the holders of shares of the Series A Preferred Stock, the Secretary of the Corporation may, and upon the written request of any holder or the holders of at least 10% of the number of shares of Series A Preferred Stock then outstanding (addressed to the Secretary at the principal executive office of the Corporation) shall, call a special meeting of the holders of shares of the Series A Preferred Stock and all other Class Voting Stock for the election of the two directors to be elected by them; provided that the Secretary shall not be required to call such special meeting if the request for such meeting is received less than 45 calendar days before the date fixed for the next ensuing annual meeting of shareholders. Such call shall be made by notice similar to that provided in the by-laws of the Corporation for a special meeting of the shareholders or as required by law. Subject to the foregoing provisions, if any such special meeting required to be called as above provided shall not be called by the Secretary within 20 calendar days after receipt of an appropriate request, then any holder of shares of Series A Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books and records of the Corporation. Except as otherwise provided by law, at any such meeting, the holders of a majority of the number of shares of Series A Preferred Stock and such other Class Voting Stock then outstanding shall constitute a quorum for the purpose of electing directors as contemplated in paragraph (b) above. If at any such meeting or adjournment thereof a quorum of such holders of Series A Preferred Stock and such other Class Voting Stock shall not be present, no election of directors by the Series A Preferred Stock and such other Class Voting Stock shall take place, and any such meeting may be adjourned from time to time for periods not exceeding 30 calendar days until a quorum of the Series A Preferred Stock and the Class Voting Stock is present at such adjourned meeting. Unless otherwise provided by law, directors to be

elected by the holders of Series A Preferred Stock and such other Class Voting Stock shall be elected by a plurality of the votes cast by such holders at a meeting at which a quorum is present. Notwithstanding the foregoing, the absence of a quorum of the Series A Preferred Stock and such other Class Voting Stock shall not prevent the voting of, including the election of, directors by the holders of Common Stock and other classes of capital stock at such meeting.

(d) Any director who shall have been elected by holders of shares of Series A Preferred Stock (or by the holders of shares of Series A Preferred Stock, voting separately as a class together with the holders of one or more other series of Class Voting Stock), or any director so elected as provided below, may be removed at any time during a class voting period, either for or without cause, by, and only by, the affirmative vote of the holders of a majority of the number of shares of Series A Preferred Stock then outstanding, voting

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separately as a class together with the holders of all other series of Class Voting Stock then outstanding, if any, given at a special meeting of such shareholders called for the purpose, and any vacancy thereby created may be filled during such class voting period only by the holders of shares of Series A Preferred Stock and the other series, if any, of Class Voting Stock. In case any vacancy (other than as provided in the preceding sentence) shall occur among the directors elected by the holders of shares of the Series A Preferred Stock (and such other Class Voting Stock), a successor shall be elected by the Board of Directors to serve until the next annual meeting of the shareholders or special meeting held in place thereof upon the nomination of the then remaining director elected by the holders of the Series A Preferred Stock (and such other Class Voting Stock) or the successor of such remaining director.

(e) So long as any shares of Series A Preferred Stock are outstanding, the consent of the holders of not less than 66-2/3% of the number of shares of Series A Preferred Stock then outstanding, given in person or by proxy either at a regular meeting or at a special meeting called for that purpose or pursuant to written consents, at which or pursuant to which, as the case may be, the holders of Series A Preferred Stock shall vote separately as a series, shall be necessary for effecting, validating or authorizing any one or more of the following:

(1) The amendment, alteration or repeal of any of the provisions of this statement of Resolution Establishing A Series of Shares, the Restated Articles of Incorporation, or any amendment thereto, or any other certificate filed pursuant to law (including any such amendment, alteration or repeal effected by any merger or consolidation to which the Corporation is a party) that would adversely affect any of the designations, preferences, limitations or relative rights of the shares of Series A Preferred Stock then

outstanding; provided, however, that any amendment or amendments to the provisions of the Restated Articles of Incorporation, as amended, so as to authorize or create, or to increase the authorized amount of, any capital stock of the Corporation ranking pari passu with or junior to the Series A Preferred Stock as to the payment of dividends and as to the distribution of assets upon any liquidation, dissolution or winding-up of the Corporation shall not be deemed to affect adversely the designations, preferences, limitations, or relative rights of the Series A Preferred Stock;

(2) The authorization or creation of any shares of any class or series, or any security convertible into shares of any class or series, of capital stock ranking senior to the Series A Preferred Stock as to the payment of dividends or as to the distribution of assets upon any liquidation, dissolution or winding-up of the Corporation; or

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(3) Any merger or consolidation with or into, or any conveyance, transfer, or lease of all or substantially all of the assets of the Corporation to, any other corporation or other entity, in either case that would adversely affect any of the designations, preferences, limitations or relative rights of the shares of Series A Preferred Stock then outstanding.

(f) In connection with any matter on which holders of shares of Series A Preferred Stock are entitled to vote (including, without limitation, (i) with respect to the election of directors as set forth in the preceding paragraphs of this Section 3 or (ii) any matter on which holders of shares of Series A Preferred Stock are entitled to vote as a class or otherwise pursuant to the laws of the State of Texas or the provisions of the Restated Articles of Incorporation, as amended), each holder of a share of Series A Preferred Stock shall be entitled to one vote for such share of Series A Preferred Stock held by such holder. Notwithstanding anything to the contrary herein, if the Restated Articles of the Corporation, as amended, provide that shares of any Class Voting Stock are entitled to more or less than one vote per share when voting together with the Series A Preferred Stock every reference in this Section 3 to a majority or another specified portion of the number of shares of Series A Preferred Stock and Class Voting Stock shall mean a majority or such other portion of the votes entitled to be cast in respect of such shares.

SECTION 4. REDEMPTION.

(a) If at any time following the Conversion Expiration Date (as defined below), less than ten percent (10%) of the number of shares of Series A Preferred Stock issued upon the Exchange Election remains outstanding, such shares of Series A Preferred Stock shall be redeemable, at the option of the

Corporation, in whole but not in part, at a cash redemption price of \$_____ per share equal to the liquidation preference for such Series A Preferred Stock, plus accumulated and unpaid dividends (whether or not earned or declared), to the date fixed for redemption thereof (the "Redemption Price").

(b) The Series A Preferred Stock shall be redeemable, at the option of the Corporation, in whole or in part, from time to time, on after _____, 2003, at the Redemption Price. The Corporation may not redeem the Series A Preferred Stock in part unless all accumulated and unpaid dividends (whether or not earned or declared) have been paid in full on all shares of Series A Preferred Stock for all monthly dividend periods terminating on or prior to the date of redemption.

(c) Unless otherwise required by law, notice of any redemption of the Series A Preferred Stock (a "Notice of Redemption") shall be irrevocable and shall be given by the Corporation or sent to the holders of Series A Preferred Stock by first-class mail, postage prepaid, not fewer than 30 nor more than 60 calendar days prior to the date fixed for redemption. If all of the shares of Series A Preferred Stock are held in the name of the Clearing Agency (or its nominees), the Notice of Redemption shall be sent to such Clearing

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Agency. Each Notice of Redemption shall state: (i) the fact that shares of Series A Preferred Stock are being redeemed and the number of such shares; (ii) the date fixed for redemption; (iii) the Redemption Price; (iv) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vi) that conversion rights with respect to the shares to be redeemed will cease on the close of business on the third Business Day preceding the date fixed for redemption. If less than all outstanding shares of Series A Preferred Stock are to be redeemed, the shares to be redeemed will be selected ratably or by lot or in such other manner as may be fair and equitable and the Notice of Redemption shall also specify the number of shares of Series A Preferred Stock to be redeemed from each applicable holder. Such notice shall be deemed to be given on the day such notice is deposited in the United States mail, postage prepaid, addressed to the shareholder at such shareholder's address as it appears on the books of the Corporation or the stock transfer agent for the Series A Preferred Stock. No defect in the Notice of Redemption or in the mailing thereof with respect to any share of Series A Preferred Stock shall affect the validity of the proceedings for such redemption with respect to any other share of Series A Preferred Stock.

(d) If the Corporation gives a Notice of Redemption, then, by 12:00 noon, New York time, on the date fixed for redemption, if the Series A

Preferred Stock is represented by one or more global certificates through the book-entry system of a Clearing Agency, the Corporation shall irrevocably deposit an amount sufficient to pay the Redemption Price to the holders of the shares of Series A Preferred Stock called for redemption with the Clearing Agency and give the Clearing Agency irrevocable instructions and authority to pay, on and after the date fixed for redemption, the Redemption Price to the holders of the Series A Preferred Stock to be redeemed, and if the Series A Preferred Stock is not represented by such global certificates through the book-entry system of a Clearing Agency, the Corporation shall irrevocably deposit with any bank or trust company in the State of Texas, or any bank or trust company in the United States duly appointed and acting as transfer agent for the Corporation, as a trust fund, an amount sufficient to pay the Redemption Price to the holders of the shares of Series A Preferred Stock called for redemption, with irrevocable instructions and authority to such bank or trust company to give the Notice of Redemption and to pay, on and after the date fixed for such redemption, to the respective holders of shares of Series A Preferred Stock, as evidenced by a list of holders of such shares certified by the President, any Vice President, the Secretary or an Assistant Secretary of the Corporation, the Redemption Price upon surrender of their respective share certificates. If a Notice of Redemption shall have been given and funds irrevocably deposited as required, then immediately prior to the close of business on the date fixed for redemption, such shares of Series A Preferred Stock called for redemption shall no longer be deemed to be outstanding, and the holders thereof shall cease to be shareholders with respect to such shares and all rights of such holders will cease, except the right of such holders to receive the Redemption Price (subject, in the case of holders of certificated shares, to the surrender of their respective certificates therefor), but without

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additional interest from and after such redemption date. In case the holders of such shares of Series A Preferred Stock shall not, within six years after such deposit, claim the amount deposited for redemption thereof, such bank or trust company shall upon demand pay over to the Corporation the balance of such amount so deposited to be held in trust and such bank or trust company shall thereupon be relieved of all responsibility to the holders of Series A Preferred Stock. In the event that any date fixed for redemption of Series A Preferred Stock is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day. In the event that payment of the Redemption Price is improperly withheld or refused and not paid by the Corporation, dividends on the Series A Preferred Stock called for redemption will continue to accumulate at the then applicable rate, from the original redemption date to the date that the Redemption Price is actually paid and the holders of such Series A Preferred Stock may exercise all of their

rights as holders thereof.

(e) Subject to the next succeeding sentence, the Corporation may not, and shall not permit any of its majority-owned subsidiaries to, purchase any shares of Series A Preferred Stock or redeem, purchase, acquire or make a liquidation payment with respect to any capital stock of the Corporation or make any guarantee payment with respect to the foregoing, unless all accumulated dividends shall have been declared and paid or irrevocably set apart for payment upon all shares of Series A Preferred Stock then outstanding for all monthly dividend periods terminating on or prior to the date thereof. The preceding sentence, however, shall not apply to, or prohibit (i) purchases or acquisitions of shares of Common Stock in connection with the satisfaction by the Corporation or any of its majority-owned subsidiaries of its obligations under any employee benefit plans or the satisfaction by the Corporation of its obligations pursuant to any put contract requiring the Corporation to purchase Common Stock, (ii) any of the actions described in the preceding sentence as a result of a reclassification of capital stock of the Corporation or the exchange or conversion of one class or series of capital stock of the Corporation for another class or series of capital stock of the Corporation, (iii) redemptions or purchases of any share purchase rights issued by the Corporation pursuant to the Rights Agreement, dated as of July 27, 1989, between the Corporation and First Chicago Trust Company of New York, as amended from time to time, (iv) the redemption or purchase of similar share purchase rights in the future, or (v) the purchase of fractional interests in shares of capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged.

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SECTION 5. LIQUIDATION, DISSOLUTION OR WINDING-UP.

(a) Upon any voluntary or involuntary liquidation, dissolution, or winding-up of the Corporation, the holders of Series A Preferred Stock at the time outstanding will be entitled to receive out of the net assets of the Corporation legally available for distribution to shareholders after satisfaction of liabilities to creditors as required by the Texas Business Corporation Act, subject to the rights of the holders of any stock of the Corporation ranking senior to the Series A Preferred Stock in respect of distributions of assets upon liquidation, dissolution, or winding-up of the Corporation and holders of Liquidation Pari Passu Securities (as defined below), but before any distribution of assets is made with respect to any Liquidation Junior Securities (as defined below), an amount equal to the aggregate of the liquidation preference of \$_____ per share plus an amount equal to all accumulated and unpaid dividends thereon (whether or not earned or declared) to the date of payment. If, upon any liquidation, dissolution or winding-up of the Corporation, the assets available for distribution are insufficient to pay in full the liquidation preference to the holders of the Series A Preferred Stock and any Liquidation Pari Passu Securities, the holders

of the Series A Preferred Stock and such Liquidation Pari Passu Securities shall share ratably in any distribution of assets based on the proportion of their full respective liquidation preferences to the aggregate amount of the unpaid liquidation preferences of the Series A Preferred Stock and such Liquidation Pari Passu Securities. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this Section 5(a), the holders of shares of Series A Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

The term "Liquidation Pari Passu Security" means any preference stock or preferred stock or other capital stock of the Corporation and any guarantee entered into by the Corporation in respect of any preference stock or preferred stock of any affiliate of the Corporation ranking pari passu with the Series A Preferred Stock as to the distributions of assets upon liquidation, dissolution or winding-up of the Corporation. "Liquidation Junior Security" means Common Stock, Series A Junior Participating preferred Stock of the Corporation and any other class or series of capital stock of the Corporation ranking junior to the Series A Preferred Stock as to distributions of assets upon liquidation, dissolution or winding-up of the Corporation.

(b) Neither the merger or consolidation of the Corporation with or into any other corporation or other entity, nor the merger or consolidation of any other corporation with or into the Corporation or other entity, nor the conveyance, transfer or lease of all or substantially all of the assets of the Corporation, shall be deemed to be a liquidation, dissolution or winding-up, voluntary or involuntary, of the affairs of the Corporation for purposes of this Section 5.

(c) Written notice of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, stating the payment date or dates when, and the place or

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places where, the amounts distributable to holders of Series A Preferred Stock in such circumstances shall be payable, shall be delivered personally or given by first-class mail, postage prepaid, not fewer than 30 calendar days prior to any payment date stated therein, to the holders of Series A Preferred Stock, at the addresses shown on the books of the Corporation or the transfer agent for the Series A Preferred Stock. No defect in such notice or in the mailing thereof shall affect the Corporation's ability to consummate a voluntary or involuntary liquidation, dissolution or winding-up of the Corporation.

SECTION 6. CONVERSION RIGHTS OF SERIES A PREFERRED STOCK.

(a) Each share of Series A Preferred Stock shall be convertible at any time before the close of business on the Conversion Expiration Date, at the option of the holder thereof, into such number of shares of Common Stock as is

determined by dividing \$_____ by the then applicable conversion price (the "Conversion Price") determined as hereinafter provided. The Conversion Price shall initially be \$_____ per share and shall be adjusted as provided in Section 7.

(b) Holders of record of Series A Preferred Stock at the close of business on a dividend record date will be entitled to receive the dividend payable on such shares of Series A Preferred Stock on the corresponding dividend payment date notwithstanding the conversion thereof following such dividend payment record date but on or prior to such dividend payment date. Except as provided in the immediately preceding sentence, the Corporation will make no payment, allowance or adjustment for accumulated and unpaid dividends, whether or not in arrears, on converted shares of Series A Preferred Stock.

(c) No fractional shares of Common Stock will be issued as a result of conversion, but in lieu thereof, such fractional interest will be paid in cash by the Corporation based on the Current Market Price (as defined in Section 6(h)) of the Common Stock on the date on which the certificate or certificates for such shares of Series A Preferred Stock were duly surrendered for conversion, or, if such date is not a Trading Day for the Common Stock (as defined in Section 7(e)), on the next Trading Day.

(d) Shares of Series A Preferred Stock that have been called for redemption will not be convertible after the close of business on the third Business Day preceding the date fixed for redemption, unless the Corporation defaults in making payment of the Redemption Price payable on redemption.

(e) Any holder of shares of Series A Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the shares of Series A Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the offices of the transfer agent for the Series A Preferred Stock or such office or offices in the continental United States of an agent for conversion as may

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from time to time be designated by notice to the holders of the Series A Preferred Stock by the Corporation or the transfer agent for the Series A Preferred Stock, accompanied by irrevocable notice of conversion, on any day that is a Business Day. Such notice of conversion (i) shall specify the number of shares of Series A Preferred Stock to be converted and the name or names, if other than the holder, in which the certificate or certificates for Common Stock, and for any shares of Series A Preferred Stock not to be so converted, are to be issued (subject to compliance with applicable legal requirements if any of such certificates are to be issued in a name other than the name of the holder), (ii) shall direct the Corporation or such transfer agent to convert such Series A Preferred Stock into Common Stock, and (iii) shall specify the

address to which such holder wishes delivery to be made of such new certificates issued upon such conversion (the "Notice of Conversion").

(f) Upon surrender of a certificate representing a share or shares of Series A Preferred Stock for conversion, the Corporation shall issue and send by hand delivery or by first-class mail, postage prepaid, to the holder thereof, at the address designated by such holder, a certificate or certificates representing the number of full shares of Common Stock to which such holder shall be entitled upon conversion, together with the cash payment, if any, in lieu of any fractional share of Common Stock. If a certificate or certificates representing shares of Series A Preferred Stock, only part of which are to be converted, shall have been surrendered, then the Corporation shall also issue and deliver to such holder or such holder's designee in the manner provided in the immediately preceding sentence a new certificate or certificates representing the number of shares of Series A Preferred Stock that shall not have been converted.

(g) Shares of Series A Preferred Stock shall be deemed to have been converted immediately prior to the close of business on the day on which the certificate or certificates for the shares of Series A Preferred Stock to be converted, are surrendered to the Corporation, or at the offices of the transfer agent or conversion agent (in accordance with the provisions of Section 6(e)), accompanied by a Notice of Conversion (the "Conversion Date"). The person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock at such time.

(h) (1) On and after _____, _____, the Corporation shall have the right, at its option, to cause the conversion rights of holders of shares of Series A Preferred Stock set forth in this Section 6 to expire if (A) the Corporation has paid in full all accumulated and unpaid dividends on all shares of Series A Preferred Stock for all monthly dividend periods terminating on or prior to such date, and (B) for 20 Trading Days within any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Current Market Price of the Common Stock of the Corporation on each of such 20 Trading Days shall have exceeded 120% of the Conversion Price in effect on such Trading Day.

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(2) In order to exercise its option to cause the conversion rights of holders of shares of Series A Preferred Stock to expire, the Corporation must issue a press release for publication on the Dow Jones News Service or on a comparable news service (the "Press Release") prior to the opening of business on the second Trading Day after any period in which the conditions in the preceding paragraph have been met, which shall state that the Corporation has elected to exercise its right to extinguish the conversion rights of holders of shares of Series A Preferred Stock, specify the Conversion

Expiration Date (as defined below) and provide the Conversion Price of the Series A Preferred Stock and the Current Market Price of the Common Stock, in each case as of the close of business on the Trading Day next preceding the date of the Press Release. If the Corporation exercises the option described in this Section 6(h), the "Conversion Expiration Date" shall be the close of business on a date selected by the Corporation, which shall be not less than 30 or more than 60 calendar days after the date on which the Corporation issues the Press Release; provided, however, that if the Corporation does not exercise the option described in this Section 6(h), the "Conversion Expiration Date" with respect to any shares of Series A Preferred Stock called for redemption shall be the close of business on the third Business Day prior to the date fixed for redemption pursuant to Section 4, unless the Corporation defaults in making payment of the Redemption Price payable on redemption.

(3) In addition to the Press Release, notice of the expiration of conversion rights (a "Notice of Conversion Expiration") must be given by the Corporation by first-class mail to each holder of shares of Series A Preferred Stock not more than four Business Days after the Corporation issues the Press Release. Each such mailed Notice of Conversion Expiration shall state: (A) the Conversion Expiration Date; (B) the Conversion Price of the Series A Preferred Stock and the Current Market Price of the Common Stock, in each case as of the close of business on the Trading Day next preceding the date of the Press Release; (C) the place or places at which a Notice of Conversion may be given and shares of Series A Preferred Stock may be surrendered prior to the Conversion Expiration Date for certificates representing shares of Common Stock in accordance with Section 6(e); and (D) such other information or instructions as the Corporation deems necessary or advisable to enable a holder of shares of Series A Preferred Stock to exercise its conversion right hereunder. For purposes of the calculation of the Conversion Expiration Date and the dates on which notices are given pursuant to this Section 6(h), a Notice of Conversion Expiration shall be deemed to have been given on the day such notice is first mailed by first-class mail, postage prepaid, to each holder of shares of Series A Preferred Stock at the address of the holder appearing in the books and records of the Corporation (whether or not the holder receives the Notice of Conversion Expiration). No defect in the Notice of Conversion Expiration or in the mailing thereof with respect to any share of Series A Preferred Stock shall affect the validity of such notice with respect to any other share of Series A Preferred Stock. As of the close of business on the Conversion Expiration Date, the shares of Series A Preferred Stock shall be deemed to be non-convertible securities.

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(4) As used in this Section 6, "Current Market Price" of shares of Common Stock for any day means the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape, or, if the Common Stock

is not listed or admitted to trading on the New York Stock Exchange (the "NYSE"), on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or if the Common Stock is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if the Common Stock is not quoted or admitted to trading on such quotation system, on the principal quotation system on which the Common Stock is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, the average of the closing bid and asked prices of the Common Stock in the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or, if not so available in such manner, as furnished by any NYSE member firm selected from time to time by the Board of Directors of the Corporation for that purpose or, if not so available in such manner, as otherwise determined in good faith by the Board of Directors.

(i) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of Series A Preferred Stock as herein provided, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series A Preferred Stock then outstanding. Notwithstanding the foregoing, the Corporation shall be entitled to deliver upon conversion of Series A Preferred Stock, shares of Common Stock reacquired and held in the treasury of the Corporation (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such treasury shares are free and clear of all liens, charges, claims, equities, security interests and encumbrances. Any shares of Common Stock delivered upon conversion of the Series A Preferred Stock shall be duly authorized, valid, issued, fully paid and non-assessable, free and clear of all liens, charges, claims, equities, security interests and other encumbrances, except for United States withholding taxes. The Corporation shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all applicable requirements as to registration or qualification of the Common Stock (and all listing requirements of any stock exchange on which the Common Stock is then listed that are at the time applicable), in order to enable the Corporation lawfully to issue and deliver such number of shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all shares of Series A Preferred Stock then outstanding and convertible into shares of Common Stock.

(j) Whenever the Corporation shall issue shares of Common Stock upon conversion of Series A Preferred Stock, the Corporation shall issue, together with each such

share of Common Stock, one right to purchase Series A Junior Participating Preferred Stock of the Corporation (or other securities in lieu thereof) pursuant to the Rights Agreement, dated as of July 27, 1989, between the Company and First Chicago Trust Company of New York, as amended, or any similar rights issued to holders of Common Stock in addition thereto or in replacement therefor (such rights, together with any additional or replacement rights, being collectively referred to as the "Rights"), whether or not such Rights shall be exercisable at such time, but only if such Rights are issued and outstanding and held by other holders of Common Stock (or are evidenced by outstanding share certificates representing Common Stock) at such time and have not expired or been redeemed.

SECTION 7. ADJUSTMENT OF CONVERSION PRICE.

(a) Adjustment of Conversion Price. The Conversion Price shall be subject to adjustment from time to time as follows:

(i) If the Corporation shall pay or make a dividend or other distribution exclusively in Common Stock on any class or series of capital stock of the Corporation, then the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subparagraph (i), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation. The Corporation shall not pay any dividend or make any distribution exclusively in Common Stock on shares of any class or series of capital stock of the Corporation held in the treasury of the Corporation.

(ii) Subject to Section 7(g), if the Corporation shall pay or make a dividend or other distribution on the outstanding shares of Common Stock consisting exclusively of, or shall otherwise issue to all holders of the outstanding shares of Common Stock, rights (other than Rights) or warrants entitling the holders thereof to subscribe for or purchase shares of Common Stock at a price per share (taking into account the consideration received for the issuance of such right or warrant plus any consideration to be received upon the exercise thereof) less than the Current Price per share (determined as provided in subparagraph (vi) of this Section 7(a)) of the Common Stock on the date fixed for the determination of shareholders entitled to receive such rights or warrants, then the Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Conversion Price by a fraction, of which the

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numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Current Price per share and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subparagraph (ii), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation. The Corporation shall not issue any rights or warrants in respect of shares of Common Stock held in the treasury of the Corporation. In case any rights or warrants referred to in this subparagraph (ii) in respect of which an adjustment shall have been made shall expire or terminate unexercised, the Conversion Price shall be readjusted at the time of such expiration to the Conversion Price that would have been in effect if no adjustment had been made on account of the distribution or issuance of such expired rights or warrants.

(iii) If outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, then the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced and, conversely, if outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, then the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(iv) Subject to the last sentence of this subparagraph (iv), if the Corporation shall, by dividend or otherwise, pay or otherwise distribute to all holders of Common Stock evidences of its indebtedness, shares of any class or series of capital stock of the Corporation, cash, securities or other assets other than Excluded Dividends (as defined below), then the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the effectiveness of the Conversion Price reduction contemplated by

this subparagraph (iv) by (B) a fraction of which the numerator shall be the Current Price per share (determined as provided in subparagraph (vi) of this Section 7(a)) of the Common Stock on the date fixed for the payment of such distribution (the "Reference Date") less the fair market value, on the Reference Date, of the portion of the evidences of indebtedness, shares of capital stock, cash, securities or other assets so distributed (other than Excluded Dividends) applicable

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to one share of Common Stock and the denominator shall be such Current Price per share of the Common Stock, such reduction to become effective immediately prior to the opening of business on the day following the Reference Date. "Excluded Dividends" shall mean (1) any dividend or distribution referred to in subparagraph (i) of this Section 7(a), (2) any dividend, distribution or issuance of rights or warrants referred to in subparagraph (ii) of this Section 7(a) or of Rights, (3) any regular cash dividend on the Common Stock that does not exceed the per share amount of the immediately preceding regular cash dividend on the Common Stock (as adjusted to appropriately reflect any of the events referred to in subparagraphs (i) and (iii) of this Section 7(a)), and (4) in the case of any other dividend or distribution (cash or otherwise), that portion thereof which, when combined with the per share fair market value of all other dividends and distributions paid by the Corporation on Common Stock during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events referred to in subparagraphs (i) and (iii) of this Section 7(a) and excluding dividends and distributions referred to in clauses (1) and (2) and dividends and distributions, or portions thereof, that resulted in an adjustment to the Conversion Price (or would have but for the application of Section 7(a)(viii), 7(f) or 7(g)), does not exceed 15% of the Current Price per share of the Common Stock on the Trading Day immediately preceding the date of declaration of such dividend or distribution. The fair market value of any dividend or distribution not paid in cash shall be determined in good faith by the Board of Directors of the Corporation, whose determination shall be conclusive and described in a resolution of the Board of Directors of the Corporation. For purposes of this subparagraph (iv), any dividend or distribution that includes shares of Common Stock or rights or warrants to subscribe for or purchase shares of Common Stock shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, shares of capital stock of the Corporation, cash or assets other than such shares of Common Stock or such rights or warrants (making any Conversion Price reduction required by this subparagraph (iv)) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (making any further Conversion Price reduction required by

subparagraphs (i) or (ii) of this Section 7(a) and, in the case of rights or warrants, subject to the last sentence of such subparagraph (ii)), except (A) the Reference Date of such dividend or distribution as defined in this subparagraph (iv) shall be substituted as "the date fixed for the determination of shareholders entitled to receive such dividend or other distribution," "the date fixed for the determination of shareholders entitled to receive such rights or warrants" and "the date fixed for such determination" within the meaning of subparagraphs (i) and (ii) of this Section 7(a) and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of subparagraph (i) of this Section 7(a).

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(v) If a tender or exchange offer made by the Corporation or any subsidiary of the Corporation for all or any portion of the Corporation's Common Stock shall expire and such tender or exchange offer shall involve the payment by the Corporation or such subsidiary of consideration per share of Common Stock having a fair market value (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) at the last time (the "Tender Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may have been amended) that exceeds 110% of the Current Price per share (determined as provided in subparagraph (vi) of this Section 7(a)) of the Common Stock on the Trading Day next succeeding the Tender Expiration Time, then the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the effectiveness of the Conversion Price reduction contemplated by this subparagraph (v) by a fraction, of which the numerator shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Tender Expiration Time multiplied by the Current Price per share (determined as provided in subparagraph (vi) of this Section 7(a)) of the Common Stock on the Trading Day next succeeding the Tender Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to shareholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Tender Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Tender Expiration Time and the Current Price per share (determined as provided in subparagraph (vi) of this Section 7(a)) of the Common Stock on the Trading Day next succeeding the

Tender Expiration Time, such reduction to become effective immediately prior to the opening of business on the day following the Tender Expiration Time. Notwithstanding anything contained in this Section 7(a)(v) to the contrary, no adjustment shall be made to the Conversion Price in the case of a tender or exchange offer of the character described in Rule 13e-4(h)(5) under the Exchange Act, or any successor rule thereto.

(vi) For the purpose of any computation under subparagraphs (ii), (iv) and (v) of this Section 7(a), the Current Price per share of Common Stock on any date in question shall be deemed to be the average of the daily Closing Prices (as defined in Section 7(e)) for the five consecutive Trading Days selected by the Corporation commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and, if applicable, the day before the "ex" date with respect to the issuance or distribution requiring such computation; provided, however, that if another event occurs that would require an adjustment pursuant to subparagraph (i) through (v), inclusive, the Board of Directors of the Corporation

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may make such adjustments to the Closing Prices during such five Trading Day period as it deems appropriate to effectuate the intent of the adjustments in this Section 7(a), in which case any such determination by the Board of Directors of the Corporation shall be set forth in a Board Resolution and shall be conclusive. For purposes of this paragraph, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Closing Prices were obtained without the right to receive such issuance or distribution, and (2) when used with respect to any tender or exchange offer means the first date on which the Common Stock trades regular way on such exchange or in such market after the Tender Expiration Time of such offer.

(vii) The Corporation may make such reductions in the Conversion Price, in addition to those required by subparagraphs (i), (ii), (iii), (iv) and (v) of this Section 7(a), as it considers to be advisable to avoid or diminish any income tax to holders of Common Stock or holders of rights to purchase Common Stock or securities convertible into Common Stock, resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. The Corporation from time to time may reduce the Conversion Price by any amount selected by the Corporation for any period of time if the period is at least twenty days, and the Board of Directors of the Corporation shall have made a

determination that such reduction would be in the best interest of the Corporation, which determination shall be conclusive. Whenever the Conversion Price is reduced pursuant to the preceding sentence, the Corporation shall mail to holders of record of the Series A Preferred Stock a notice of the reduction at least fifteen days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and the period it will be in effect.

(viii) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price; provided, however, that any adjustments which by reason of this subparagraph (viii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 7 shall be made to the nearest cent or to the nearest 1/100 of a share, as the case may be, with one-half cent and 5/1000th of a share, respectively, being rounded upward.

(ix) Whenever the Conversion Price is adjusted as herein provided:

(1) the Corporation shall compute the adjusted Conversion Price and shall prepare a certificate signed by the Chief Financial Officer, the Treasurer or a Vice President of the Corporation setting forth the adjusted Conversion Price and showing in reasonable detail the facts upon which such

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adjustment is based, and such certificate shall forthwith be filed with the transfer agent for the Series A Preferred Stock; and

(2) a notice stating that the Conversion Price has been adjusted and setting forth the adjusted Conversion Price shall, as soon as practicable, be mailed by the Corporation to all holders of shares of Series A Preferred Stock at their last addresses as they shall appear upon the stock transfer books of the Corporation.

(b) Reclassification, Consolidation, Merger Or Sale Of Assets. In the event that the Corporation shall be a party to any transaction (including without limitation any recapitalization or reclassification of the Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of the Common Stock), any consolidation of the Corporation with, or merger of the Corporation into, any other person, any merger of another person into the

Corporation (other than a merger which does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock), any sale or transfer of all or substantially all of the assets of the Corporation or any compulsory share exchange, in each case pursuant to which the Common Stock is converted into the right to receive other securities, cash or other property), then lawful provision shall be made as part of the terms of such transaction whereby each holder of shares of Series A Preferred Stock then outstanding shall have the right thereafter to convert such shares only into (i) in the case of any such transaction other than a Common Stock Fundamental Change (as defined in Section 7(e)), the kind and amount of securities, cash and other property receivable upon the consummation of such transaction by a holder of that number of shares of Common Stock into which such shares of Series A Preferred Stock could have been converted immediately prior to such transaction, after giving effect, in the case of any Non-Stock Fundamental Change (as defined in Section 7(e)), to any adjustment in the Conversion Price required by the provisions of Section 7(d), and (ii) in the case of a Common Stock Fundamental Change, common stock of the kind received by holders of Common Stock as a result of such Common Stock Fundamental Change in an amount determined pursuant to the provisions of Section 7(d). The Corporation or the person formed by such consolidation or resulting from such merger or which acquired such assets or which acquired the Corporation's shares, as the case may be, shall make provision in its certificate or articles of incorporation or other constituent document to establish such right. Such certificate or articles of incorporation or other constituent document shall provide for adjustments which, for events subsequent to the effective date of such provisions in such certificate or articles of incorporation or other constituent document, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The above provisions shall similarly apply to successive transactions of the foregoing type.

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(c) Prior Notice Of Certain Events. In case:

(i) the Corporation shall (1) declare any dividend (or any other distribution) on its Common Stock, other than (A) a dividend payable in shares of Common Stock or (B) a dividend payable in cash that would not require an adjustment pursuant to 7(a)(iv) or (2) authorize a tender or exchange offer that would require an adjustment pursuant to 7(a)(v); or

(ii) the Corporation shall authorize the granting to all holders of Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or series or of any other rights or warrants (other than Rights); or

(iii) of any reclassification of Common Stock (other than a subdivision or combination of the outstanding Common Stock, or a

change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any shareholders of the Corporation shall be required, or of the sale or transfer of all or substantially all of the assets of the Corporation or of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or other property; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then the Corporation shall cause to be filed with the transfer agent for the Series A Preferred Stock, and shall cause to be mailed to the holders of record of the Series A Preferred Stock, at their last addresses as they shall appear upon the stock transfer books of the Corporation, at least fifteen calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record (if any) is to be taken for the purpose of such dividend, distribution, rights or warrants or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the corporate action required to be specified in such notice).

(d) Adjustments In Case Of Fundamental Changes. Notwithstanding any other provision in this Section 7 to the contrary, if any Fundamental Change (as defined in

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Section 7(e)) occurs, then the Conversion Price in effect will be adjusted immediately after such Fundamental Change as described below. In addition, in the event of a Common Stock Fundamental Change, the Series A Preferred Stock shall be convertible solely into common stock of the kind received by holders of Common Stock as the result of such Common Stock Fundamental Change as more specifically provided in the following clauses (d)(i) and (d)(ii).

For purposes of calculating any adjustment to be made pursuant to this Section 7(d) in the event of a Fundamental Change, immediately after such Fundamental Change:

(i) in the case of a Non-Stock Fundamental Change, the

Conversion Price shall thereupon become the lower of (A) the Conversion Price in effect immediately prior to such Non-Stock Fundamental Change, but after giving effect to any other prior adjustments effected pursuant to this Section 7, and (B) the result obtained by multiplying the greater of the Applicable Price (as defined in Section 7(e)) or the then applicable Reference Market Price (as defined in Section 7(e)) by a fraction, of which the numerator shall be \$50 and the denominator shall be the amount set forth below (based on the date such Non-Stock Fundamental Change occurs):

<TABLE>

<CAPTION>

Twelve Months Ending ----- <S>	Denominator ----- <C>
1996	\$
1997	\$
1998	\$
1999	\$
2000	\$
2001	\$
2002	\$
2003 and thereafter	\$

</TABLE>

; and

(ii) in the case of a Common Stock Fundamental Change, the Conversion Price in effect immediately prior to such Common Stock Fundamental Change, but after giving effect to any other prior adjustments effected pursuant to this Section 7, shall thereupon be adjusted by multiplying such Conversion Price by a fraction, of which the numerator shall be the Purchaser Stock Price (as defined in Section 7(e)) and the denominator shall be the Applicable Price; provided, however, that in the event of a Common Stock Fundamental Change in which (A) 100% by value of the consideration received by a holder of Common Stock is common stock of the successor, acquiror or other third party (and cash, if any, is paid only with respect to any fractional interests in such common stock resulting from such Common Stock

Fundamental Change) and (B) all of the Common Stock shall have been exchanged for, converted into or acquired for common stock (and cash with respect to fractional interests) of the successor, acquiror or

other third party, the Conversion Price in effect immediately prior to such Common Stock Fundamental Change shall thereupon be adjusted by multiplying such Conversion Price by a fraction, of which the numerator shall be one (1) and the denominator shall be the number of shares of common stock of the successor, acquiror, or other third party received by a holder of one share of Common Stock as a result of such Common Stock Fundamental Change.

(e) Definitions. The following definitions shall apply to terms used in this Section 7:

(i) "Applicable Price" shall mean (i) in the event of a Non-Stock Fundamental Change in which the holders of the Common Stock receive only cash, the amount of cash received by a holder of one share of Common Stock and (ii) in the event of any other Non-Stock Fundamental Change or any Common Stock Fundamental Change, the average of the daily Closing Prices of the Common Stock for the ten consecutive Trading Days prior to and including the record date for the determination of the holders of Common Stock entitled to receive securities, cash or other property in connection with such Non-Stock Fundamental Change or Common Stock Fundamental Change, or, if there is no such record date, the date upon which the holders of the Common Stock shall have the right to receive such securities, cash or other property (such record date or distribution date being hereinafter referred to as the "Entitlement Date"), in each case, as adjusted in good faith by the Board of Directors of the Corporation to appropriately reflect any of the events referred to in subparagraphs (i), (ii), (iii), (iv) and (v) of Section 7(a).

(ii) "Closing Price" of any common stock on any day shall mean the reported last sale price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the principal national securities exchange on which such common stock is listed or admitted to trading, or, if such common stock is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if such common stock is not quoted or admitted to trading on such quotation system, on the quotation system on which such common stock is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, the average of the closing bid and asked prices of such common stock in the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or, if not so available in such manner, as furnished by any NYSE member firm selected from time to time by the Board of Directors of the

Corporation for that purpose or, if not so available in such manner, as otherwise determined in good faith by the Board of Directors of the Corporation.

(iii) "Common Stock Fundamental Change" shall mean any Fundamental Change in which more than 50% by value (as determined in good faith by the Board of Directors of the Corporation) of the consideration received by holders of Common Stock consists of common stock that for each of the ten consecutive Trading Days prior to the Entitlement Date has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the National Market System of the National Association of Securities Dealers, Inc.; provided, however, that a Fundamental Change shall not be a Common Stock Fundamental Change unless either (i) the Corporation continues to exist after the occurrence of such Fundamental Change and the outstanding shares of Series A Preferred Stock continue to exist as outstanding shares of Series A Preferred Stock, or (ii) not later than the occurrence of such Fundamental Change, the outstanding shares of Series A Preferred Stock are converted into or exchanged for shares of convertible preferred stock of the entity succeeding to the business of the Corporation, which convertible preferred stock has designations, preferences, limitations and relative rights substantially similar to those of the Series A Preferred Stock.

(iv) "Conversion Price" shall have the meaning given that term in Section 6(a).

(v) "Fundamental Change" shall mean the occurrence of any transaction or event in connection with a plan pursuant to which all or substantially all of the Common Stock shall be exchanged for, converted into, acquired for or constitute solely the right to receive securities, cash or other property (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise); provided, however, that, in the case of a plan involving more than one such transaction or event, for purposes of adjustment of the Conversion Price, such Fundamental Change shall be deemed to have occurred when substantially all of the Common Stock shall be exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property, but the adjustment shall be based upon the highest weighted average per share consideration that a holder of Common Stock could have received in such transactions or events as a result of which more than 50% of the Common Stock shall have been exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property.

(vi) "Non-Stock Fundamental Change" shall mean any Fundamental Change other than a Common Stock Fundamental Change.

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(vii) "Purchased Shares" shall have the meaning given that term in Section 7(a) (v).

(viii) "Purchaser Stock Price" shall mean, with respect to any Common Stock Fundamental Change, the average of the daily Closing Prices of the common stock received in such Common Stock Fundamental Change for the ten consecutive Trading Days prior to and including the Entitlement Date, as adjusted in good faith by the Board of Directors of the Corporation to appropriately reflect any of the events referred to in subparagraphs (i), (ii), (iii), (iv), and (v) of Section 7(a).

(ix) "Reference Date" shall have the meaning given that term in Section 13(a) (iv).

(x) "Reference Market Price" shall initially mean \$_____ and in the event of any adjustment to the Conversion Price other than as a result of a Non-Stock Fundamental Change, the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the Conversion Price after giving effect to any such adjustment shall always be the same as the ratio of \$_____ to the initial Conversion Price.

(xi) "Tender Expiration Time" shall have the meaning given that term in Section 7(a) (v).

(xii) "Trading Day" shall mean, with respect to any security listed or admitted to trading on the NYSE, any day on which such securities are traded on the NYSE, or, if such security is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted to trading, or, if such security is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if such security is not quoted or admitted to trading on such quotation system, on the principal quotation system on which such security is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, in the over-the-counter market.

(f) Dividend Or Interest Reinvestment Plans. Notwithstanding the foregoing provisions of this Section 7, no adjustment of the Conversion Price shall be required to be made upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under any

such plan, and the issuance of any shares of Common Stock or options or rights to purchase such shares pursuant to any present or future employee, officer, director or consultant benefit plan or program or agreement of the Corporation or a subsidiary of the

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Corporation or pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Series A Preferred Stock was first designated pursuant to this Statement of Resolution Establishing a Series of Shares.

(g) Certain Rights. Notwithstanding any other provision of this Section 7, the issuance or distribution of Rights shall not be deemed to constitute an issuance or a distribution or dividend of rights, warrants, or other securities to which any of the adjustment provisions described above applies.

(h) Certain Additional Rights. In case the Corporation shall, by dividend or otherwise, declare or make a distribution on its Common Stock referred to in Section 7(a)(iv) (including, without limitation, dividends or distributions referred to in the last sentence of Section 7(a)(iv) but excluding the Excluded Dividends), the holder of each share of Series A Preferred Stock, upon the conversion thereof subsequent to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution and prior to the effectiveness of the Conversion Price adjustment in respect of such distribution, shall also be entitled to receive for each share of Common Stock into which such share of Series A Preferred Stock is converted, the portion of the shares of Common Stock, rights, warrants, evidences of indebtedness, shares of capital stock, cash and assets so distributed applicable to one share of Common Stock; provided, however, that, at the election of the Corporation (whose election shall be evidenced by a resolution of the Board of Directors of the Corporation or a committee thereof) with respect to all holders so converting, the Corporation may, in lieu of distributing to such holders any portion of such distribution not consisting of cash or securities of the Corporation, pay such holders an amount in cash equal to the fair market value thereof (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors of the Corporation or a committee thereof). If any conversion of a share of Series A Preferred Stock described in the immediately preceding sentence occurs prior to the payment date for a distribution to holders of Common Stock which the holder of the share of Series A Preferred Stock so converted is entitled to receive in accordance with the immediately preceding sentence, the Corporation may elect (such election to be evidenced by a resolution of the Board of Directors) to distribute to such holder a due bill for the shares of Common Stock, rights, warrants, evidences of indebtedness, shares of capital stock, cash or assets to which such holder is so entitled, provided that such due bill (i) meets any

applicable requirements of the principal national securities exchange or other market on which the Common Stock is then traded, and (ii) requires payment or delivery of such shares of Common Stock, rights, warrants, evidences of indebtedness, shares of capital stock, cash or assets no later than the date of payment or delivery thereof to holders of shares of Common Stock receiving such distribution.

(i) One Adjustment. There shall be no adjustment of the Conversion Price in case of the issuance of any capital stock (or securities convertible into or exchangeable for

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capital stock) of the Corporation or any other distribution or event except as specifically described in this Section 7. If any action would require adjustment of the Conversion Price pursuant to more than one of the provisions of this Section 7, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value to the holders of the Series A Preferred Stock.

SECTION 8. RANKING; RETIREMENT OF SHARES.

(a) The Series A Preferred Stock shall rank senior to Common Stock and Series A Junior Participating Preferred Stock of the Corporation to the payment of dividends and amounts upon the liquidation, dissolution or winding-up of the Corporation. The ranking of any subsequent series of Preferred Stock, par value \$1.50 per share, issued by the Corporation, or other class or series capital stock of the Corporation, as compared to the Series A Preferred Stock as to the payment of dividends and distributions of assets upon the liquidation, dissolution or winding-up of the Corporation shall be as specified in the Restated Articles of Incorporation, as amended, of the Corporation, or the Statement of Resolution Establishing a Series of Shares pertaining to such series.

(b) Any shares of Series A Preferred Stock acquired by the Corporation by reason of the conversion or redemption of such shares, or otherwise so acquired, shall be retired as shares of Series A Preferred Stock and restored to the status of authorized but unissued shares of Preferred Stock, par value \$1.50 per share, of the Corporation, without designation as to series, and may thereafter be reissued.

SECTION 9. MISCELLANEOUS.

(a) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of receipt thereof or three Business Days after the mailing thereof if sent by registered or certified mail (unless first-class mail shall be specifically permitted for such notice under the terms of this Section 9(a) with postage

prepaid addressed: (i) if to the Corporation, to its principal executive offices (Attention: Secretary) or to the transfer agent for the Series A Preferred Stock, or other agent of the Corporation designated as permitted by this Section 9(a), or (ii) if to any holder of the Series A Preferred Stock or Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the Series A Preferred Stock or Common Stock, as the case may be), or (iii) to such other address as the Corporation or any such holder, as the case may be, shall have designated by notice similarly given.

(b) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Series A Preferred Stock or shares of Common Stock or other securities issued on account of Series A Preferred Stock pursuant hereto or certificates representing such shares or

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securities. The Corporation shall not, however, be required to pay any such tax that may be payable in respect of any transfer involving the issuance or delivery of shares of Series A Preferred Stock or Common Stock or other securities in a name other than that in which the shares of Series A Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(c) In the event that a holder of shares of Series A Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of Series A Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the holder of such Series A Preferred Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(d) Registrar and Transfer Agent. The Corporation may appoint, and from time to time discharge and change, a transfer agent for the Series A Preferred Stock.

(e) Whenever possible, each provision hereof shall be interpreted

in such a manner as to be effective and valid under applicable law, but if any provision hereof is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof. If a court of competent jurisdiction should determine that a provision hereof would be valid or enforceable if a period of time were extended or shortened or a particular percentage were increased or decreased, then such court may make such change as shall be necessary to render the provision in question effective and valid under applicable law.

RESOLVED FURTHER, that, before the Corporation shall issue any shares of the Series A Cumulative Convertible Preferred Stock, a statement pursuant to Article 2.13 of the Texas Business Corporation Act, to be entitled a "Statement of Resolution Establishing a Series of Shares," shall be made, executed, and filed in accordance with the provisions of such Act, and that the proper officers of the Corporation are hereby authorized and directed to do all acts and things which may be necessary or proper in their opinion to carry into effect the purposes and intent of this and the foregoing resolution.

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IN WITNESS WHEREOF, this Statement of Resolution Establishing a Series of Shares has been made under the hand of the undersigned, the _____, and _____ of the Corporation, this _____ day of _____, 1995.

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STATE OF TEXAS)
)
COUNTY OF HARRIS)

Before me, a notary public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the

statements therein contained are true and correct.

Given under my hand and seal of office this _____ day of
_____ A.D., _____.

Notary Public, State of Texas

My commission expires:

(Notarial Seal)

_____, 19__.

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FORM OF GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT (this "Guarantee"), dated as of May ____, 1995, is executed and delivered by American General Corporation, a corporation organized under the laws of the State of Texas ("American General"), for the benefit of the Holders (as hereinafter defined) from time to time of the Preferred Securities (as hereinafter defined) of American General Capital, L.L.C., a Delaware limited liability company ("American General Capital").

WHEREAS, American General Capital intends to issue and sell from time to time, in one or more series, preferred limited liability company interests (the "Preferred Securities"), and American General desires to issue this Guarantee for the benefit of the Holders of the Preferred Securities, as provided herein;

WHEREAS, American General Capital will purchase the Junior Subordinated Debentures (as hereinafter defined) issued pursuant to the Junior Subordinated Indenture (as hereinafter defined) with substantially all of the proceeds from the issuance and sale of the Preferred Securities and its other common limited liability company interests (the "Common Securities"); and

WHEREAS, American General desires hereby to unconditionally and irrevocably guarantee, to the extent set forth herein, the payment in full to the Holders of the Guarantee Payments (as hereinafter defined) and the performance of the other obligations set forth herein.

NOW, THEREFORE, in consideration of the purchase by each Holder of the Preferred Securities, which purchase American General hereby agrees shall benefit American General, American General executes and delivers this Guarantee for the benefit of the Holders.

ARTICLE I

DEFINITIONS

As used in this Guarantee, the terms set forth below shall, unless the context otherwise requires, have the following meanings. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Amended and Restated Limited Liability Company Agreement of American General Capital, L.L.C., dated as of May ____, 1995 (the "LLC Agreement").

1.1 "Additional Dividends" shall mean Dividends (as hereinafter defined) that shall be declared and paid by American General Capital on any

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respect of the Preferred Securities of any series at the rate set forth in the Declaration (as hereinafter defined) with respect to such series of Preferred Securities.

1.2 "American General Common Stock" shall mean the shares of Common Stock, par value \$.50 per share, of American General.

1.3 "American General Preferred Stock" shall mean the series, if any, of Preferred Stock, par value \$1.50 per share, of American General exchangeable for the related series of Junior Subordinated Debentures.

1.4 "Conversion Agent" shall mean Chemical Mellon Shareholder Services, LLC and its successors (or such substitute entity as may be designated from time to time by the Manager (as hereinafter defined), acting as agent of the Holders in effecting, as applicable, (a) the conversion of the Preferred Securities of any series into the related series of Junior Subordinated Debentures and such Junior Subordinated Debentures into shares of American General Common Stock or (b) the exchange of Preferred Securities of any series for the related series of Junior Subordinated Debentures and such Junior Subordinated Debentures for the related series of American General Preferred Stock, in each case as and in such manner as may be set forth in the LLC Agreement and the Declaration with respect to such series of Preferred Securities.

1.5 "Declaration" shall mean, with respect to any series of Preferred Securities, the Written Action adopted by the Manager pursuant to Section 7.1(b) of the LLC Agreement relating to such series of Preferred Securities.

1.6 "Dividends" shall mean, with respect to any series of Preferred Securities, the cumulative cash distributions from American General Capital with respect to such series of Preferred Securities, accruing and payable in the manner set forth in the Declaration with respect to such series of Preferred Securities.

1.7 "Guarantee Payments" shall mean, with respect to any series of Preferred Securities, the following payments, without duplication, to the extent not paid by American General Capital: (a) any accumulated and unpaid Dividends (whether or not earned), including any Additional Dividends, which are required to be paid on such Preferred Securities, but only if and to the extent that such Dividends have been declared on such Preferred Securities from funds of American General Capital legally available therefor; (b) the Redemption Price (including all accumulated and unpaid Dividends (whether or

not earned or declared), including any Additional Dividends) payable with respect to any such Preferred Securities called for redemption by American General Capital, but only to the extent payable out of funds of American General Capital legally available therefor; and (c) upon the voluntary or involuntary liquidation, dissolution or winding-up of American General Capital other than in connection with or after the exchange, if applicable, of such Preferred Securities for the related series of Junior Subordinated Debentures, the lesser of (i) the Liquidation Distribution and

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(ii) the amount of assets of American General Capital available for distribution to Holders of such Preferred Securities in liquidation, dissolution or winding-up of American General Capital.

1.8 "Holder" shall mean the registered holder from time to time of any Preferred Securities of American General Capital; provided, however, that in determining whether the Holders of the requisite percentage of Preferred Securities have given any request, notice, consent or waiver hereunder, "Holder" shall not include American General or any majority-owned entity thereof, either directly or indirectly.

1.9 "Junior Subordinated Debentures" shall mean the series of Junior Subordinated Debentures issued by American General pursuant to the Junior Subordinated Indenture and delivered to American General Capital in connection with the issuance and sale by American General Capital of the related series of Preferred Securities. The Junior Subordinated Debentures will evidence the loan made by American General Capital to American General of substantially all of the proceeds received by American General Capital from the issuance and sale of the related series of Preferred Securities and the Common Securities.

1.10 "Junior Subordinated Indenture" shall mean the Indenture, dated as of May ____, 1995, between American General and Chemical Bank, as Trustee.

1.11 "Manager" means American General Delaware Management Corporation, in its capacity as the manager of American General Capital, or any permitted successor manager of American General Capital admitted as such pursuant to the applicable provisions of the LLC Agreement.

1.12 "Redemption Price" shall mean, with respect to any series of Preferred Securities subject to redemption by American General Capital, the liquidation preference for such Preferred Securities plus accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date fixed for redemption thereof.

1.13 "Special Trustee" shall mean, with respect to any series of Preferred Securities, a special trustee appointed by the Holders of the Preferred Securities of such series pursuant to Section 8.1 of the LLC Agreement and authorized, among other things, to enforce American General Capital's rights under the related series of Junior Subordinated Debentures against American General and to enforce the obligations undertaken with respect to such series of Preferred Securities by American General under this Guarantee.

ARTICLE II

GUARANTEE

2.1 GENERAL. American General irrevocably and unconditionally agrees to pay in full to the Holders of each series of Preferred Securities the Guarantee Payments with respect to such series of Preferred Securities, as and when due (except to the extent previously paid by American General Capital), regardless of any defense, right of set-off or counterclaim which American General Capital may have or assert. American General's

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obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by American General to the Holders of such series of Preferred Securities or by causing American General Capital to pay such amounts to such Holders.

2.2 WAIVER OF CERTAIN RIGHTS. American General hereby waives, to the fullest extent permitted by applicable law, notice of acceptance of this Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

2.3 OBLIGATIONS NOT AFFECTED. The obligations, covenants, agreements and duties of American General under this Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by American General Capital of any express or implied agreement, covenant, term or condition relating to the Preferred Securities of any series to be performed or observed by American General Capital;

(b) the extension of time for the payment by American

General Capital of all or any portion of the Dividends, Additional Dividends, Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Preferred Securities of any series or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities of such series;

(c) any failure, omission, delay or lack of diligence on the part of the Holders of Preferred Securities of any series or the Special Trustee to enforce, assert or exercise any right, privilege, power or remedy conferred on such Holders or such Special Trustee pursuant to the terms of the Preferred Securities of such series, or any action on the part of American General Capital granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, winding-up, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, American General Capital or any of the assets of American General Capital;

(e) any invalidity of, or defect or deficiency in, any of the Preferred Securities of any series;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

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(g) to the fullest extent permitted by applicable law, any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 2.3 that the obligations of American General hereunder shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of any Holders of Preferred Securities to give notice to, or obtain any consent of, American General with respect to the happening of any of the foregoing.

2.4 PROCEEDING DIRECTLY AGAINST AMERICAN GENERAL. This Guarantee is a guarantee of payment and not of collection. A Holder of Preferred Securities of any series or the Special Trustee may enforce this Guarantee with respect to such series of Preferred Securities directly against American General, and American General waives any right or remedy to require that any

action be brought against American General Capital or any other person or entity before proceeding against American General. Subject to Section 2.5 hereof, all waivers herein contained shall be without prejudice to the right of a Holder or the Special Trustee, at its option, to proceed against American General Capital, whether by separate action or by joinder. American General agrees that this Guarantee shall not be discharged except by payment of the Guarantee Payments in full (to the extent not previously paid by American General Capital) and by complete performance of all obligations under this Guarantee.

2.5 SUBROGATION. American General shall be subrogated to all (if any) rights of the Holders of Preferred Securities against American General Capital in respect of any amounts paid to such Holders by American General under this Guarantee and shall have the right to waive payment by American General Capital of any amount of Dividends in respect of which payment has been made to the Holders by it pursuant to Section 2.1 hereof; provided, however, that American General shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee. If any amount shall be paid to American General in violation of the preceding sentence, American General agrees to hold such amount in trust for the Holders and to pay over such amount promptly to the Holders.

2.6 INDEPENDENT OBLIGATIONS. American General acknowledges that its obligations hereunder are independent of the obligations of American General Capital with respect to the Preferred Securities and that American General shall be liable as principal and sole debtor under this Guarantee to make Guarantee Payments in full pursuant to the terms of this Guarantee notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 2.3 hereof.

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2.7 TERMINATION. This Guarantee shall terminate and be of no further force and effect as to the Preferred Securities of any series upon (a) full payment of the Redemption Price of all outstanding Preferred Securities of such series, (b) if applicable, the exchange (in the manner provided in the LLC Agreement and the applicable Declaration) of all of the Preferred Securities of such series for the Junior Subordinated Debentures of the related series and the conversion (in the manner provided in the Junior Subordinated Indenture) of such Junior Subordinated Debentures for American General Common Stock or the series of American General Preferred Stock related to such series of Preferred Securities, as the case may be, or (c) if applicable, the exchange (in the manner provided in the LLC Agreement or such Declaration) of all of the

Preferred Securities of such series for the Junior Subordinated Debentures of the related series. In addition, this Guarantee will terminate completely upon full payment of the aggregate Liquidation Distributions applicable to all outstanding series of Preferred Securities. Notwithstanding the foregoing, this Guarantee shall continue to be effective or, to the fullest extent permitted by applicable law, shall be reinstated, as the case may be, with respect to the Preferred Securities of any series if at any time any Holder of such Preferred Securities must restore payment of any sums recovered on account of, or must redeliver any securities received on account of, such Preferred Securities or under this Guarantee for any reason whatsoever.

ARTICLE III

CERTAIN COVENANTS OF AMERICAN GENERAL

3.1 DIVIDENDS AND OTHER PAYMENTS. So long as the Preferred Securities of any series remain outstanding, American General will not declare or pay any dividend on, and American General will not, and American General will not permit any of its majority-owned subsidiaries to, redeem, purchase, acquire or make a liquidation payment with respect to, any of American General's capital stock (other than (i) purchases or acquisitions of shares of American General Common Stock in connection with the satisfaction by American General or any of its majority-owned subsidiaries of its obligations under any employee benefit plans or the satisfaction by American General of its obligations pursuant to any put contract requiring American General to purchase any American General Common Stock, (ii) as a result of a reclassification of American General's capital stock or the exchange or conversion of one class or series of American General's capital stock for another class or series of American General's capital stock, (iii) redemptions or purchases of any share purchase rights issued by American General pursuant to the Rights Agreement dated as of July 27, 1989, as amended from time to time, or the declaration and payment of a dividend or distribution of similar share purchase rights in the future or (iv) the purchase of fractional interests in shares of American General's capital stock pursuant to the conversion or exchange provisions of such American General capital stock or the security being converted or exchanged) or make any guarantee payments with respect to the foregoing, if at such time American General has exercised its option to extend an interest payment period on the series of Junior Subordinated Debentures related to such series of Preferred Securities and such extension is continuing, American General is in default with respect to its payment or other obligations hereunder or there has occurred and is continuing any Event of Default (as defined in the Junior Subordinated Indenture) with

of Preferred Securities. American General shall take all actions necessary to ensure the compliance of its majority-owned subsidiaries with this Section 3.1.

3.2 CERTAIN OTHER COVENANTS. So long as the Preferred Securities of any series remain outstanding, American General shall: (a) not cause or permit any Common Securities to be transferred (other than in connection with a merger or consolidation of a holder of the Common Securities permitted under the Junior Subordinated Indenture or the LLC Agreement), (b) maintain direct or indirect ownership of all outstanding Common Securities and any other limited liability company interests in American General Capital other than any series of Preferred Securities (except as may be permitted in the LLC Agreement); (c) cause at least 21% of all interests in the capital, income, gain, loss, deduction and credit of American General Capital to be represented by Common Securities; (d) not voluntarily liquidate, dissolve or wind-up itself (other than in connection with a merger or consolidation permitted under the Junior Subordinated Indenture or the applicable LLC Agreement), or permit the Manager (other than in connection with a merger or consolidation permitted under the Junior Subordinated Indenture or the applicable LLC Agreement) or American General Capital (other than in connection with or after an exchange of all outstanding series of Preferred Securities for the related series of Junior Subordinated Debentures, if so provided in the Declaration relating to each such series of Preferred Securities) to liquidate, dissolve or wind-up; (e) except as may be otherwise permitted by the LLC Agreement, cause American General Delaware Management Corporation to remain the Manager and to timely perform all of its duties as Manager (including the duty to cause American General Capital to declare and pay dividends on all outstanding series of Preferred Securities to the extent set forth in the LLC Agreement and the applicable Declaration), unless a permitted successor Manager is appointed pursuant to the LLC Agreement; and (f) subject to the terms of the Preferred Securities of any series, use reasonable efforts to cause American General Capital to remain a Delaware limited liability company and otherwise continue to be treated as a partnership for United States federal income tax purposes.

ARTICLE IV

STATUS

4.1 STATUS. American General covenants and agrees that this Guarantee constitutes an unsecured obligation of American General ranking (i) subordinate and junior in right of payment to all other liabilities of American General other than the guarantees referred to in clauses (ii) and (iii) of this Section 4.1, (ii) pari passu with the most senior preferred stock issued by American General and with any other guarantee executed by American General in respect of any preferred stock or interest of any affiliate of American General that provides that such guarantee is pari passu in right of payment with this Guarantee and (iii) senior to American General Common Stock and any other class or series of capital stock issued by American General which by its express terms ranks junior to the most senior preferred stock issued by American General as to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding-up of

American General and any guarantee executed by American General that provides that such guarantee is junior in right of payment to this Guarantee.

ARTICLE V

CONVERSION AND EXCHANGE OF PREFERRED SECURITIES

5.1 ISSUANCE OF AMERICAN GENERAL COMMON STOCK. If the Preferred Securities of any series are convertible into shares of American General Common Stock pursuant to the applicable Declaration, American General hereby agrees that, upon the request of the Conversion Agent (on behalf of one or more Holders of such Preferred Securities), to convert Junior Subordinated Debentures of the series related to such series of Preferred Securities into American General Common Stock pursuant to the request of such Holders to effect such conversion in accordance with the terms of the LLC Agreement and such Declaration, American General shall deliver to the Conversion Agent certificates representing the number of full shares of American General Common Stock issuable upon conversion of such Junior Subordinated Debentures in accordance with the terms of the Junior Subordinated Indenture and such Junior Subordinated Debentures. American General shall reserve and keep available out of its authorized and unissued American General Common Stock (solely for issuance upon the conversion of such Junior Subordinated Debentures), free of any preemptive or other similar rights, the number of full shares of American General Common Stock deliverable by the Conversion Agent to the Holders upon the conversion of all outstanding convertible Preferred Securities not theretofore converted by the Holders.

5.2 VALIDITY OF AMERICAN GENERAL COMMON STOCK. All shares of American General Common Stock delivered by American General upon such conversion will be duly authorized, validly issued and fully paid and nonassessable.

5.3 ISSUANCE OF AMERICAN GENERAL PREFERRED STOCK. American General hereby agrees, upon the making of an Exchange Election (as such term may be defined in the applicable Declaration) by the Holders of a majority of the aggregate liquidation preference of the outstanding Preferred Securities of the related series in accordance with the terms of the LLC Agreement and such Declaration, to issue one share of American General Preferred Stock of the related series in respect of the applicable principal amount (as set forth in such Declaration) of Junior Subordinated Debentures of the related series. American General further agrees, upon receipt of a Notice of Exchange Election (as defined in such Declaration), to deliver to the Conversion Agent the number of shares of American General Preferred Stock of the related series issuable upon exchange of such Junior Subordinated Debentures. American General shall

reserve and keep available out of its authorized and unissued American General Preferred Stock (solely for issuance upon conversion of such Junior Subordinated Debentures), free of any preemptive or other similar rights, the number of shares of American General Preferred Stock of the related series

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deliverable by the Conversion Agent to the Holders upon exchange of all outstanding exchangeable Preferred Securities.

5.4 VALIDITY OF AMERICAN GENERAL PREFERRED STOCK. All such shares of American General Preferred Stock issued by American General upon such exchange will be duly authorized, validly issued and fully paid and nonassessable.

5.5 TERMINATION OF OBLIGATION TO ISSUE AMERICAN GENERAL COMMON STOCK. American General's obligations under this Article V to issue American General Common Stock shall terminate upon the termination of the right of Holders of Preferred Securities to request the Conversion Agent to effect such conversion as may be set forth in the LLC Agreement and any applicable Declaration.

ARTICLE VI

MISCELLANEOUS

6.1 THIRD PARTY BENEFICIARIES. All of American General's obligations under this Guarantee shall be directly enforceable by the Holders from time to time of the applicable series of Preferred Securities. Each Holder of Preferred Securities of the applicable series is an intended third-party beneficiary of this Guarantee.

6.2 SUCCESSORS AND ASSIGNS. All provisions contained in this Guarantee shall bind the successors, assigns, receivers, trustees and representatives of American General and shall inure to the benefit of the Holders. Except as permitted by Section 6.4, American General shall not assign its rights or delegate its obligations hereunder without the prior approval (obtained in the manner set forth in the LLC Agreement) of the Holders of not less than 66-2/3% of the aggregate liquidation preference of all Preferred Securities of all series then outstanding voting as a single class.

6.3 AMENDMENTS. Except with respect to any changes which do not adversely affect the rights of any Holders of Preferred Securities (in any of which cases no vote will be required), this Guarantee may be amended with respect to the Preferred Securities of any series affected by such amendment only with the prior approval (obtained in the manner set forth in the LLC

Agreement and the applicable Declaration) of the Holders of not less than 66-2/3% of the aggregate liquidation preference of the outstanding Preferred Securities of such series.

6.4 MERGER OR CONSOLIDATION. American General may consolidate with or merge with or into any other person or entity, provided that such consolidation or merger is permitted under Section 801 of the Junior Subordinated Indenture.

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6.5 NOTICES. Any notice, request or other communication required or permitted to be given hereunder to American General shall be given in writing by delivering the same against receipt therefor by registered mail, hand delivery, facsimile transmission (confirmed by registered mail) or telex, addressed to American General, as follows (and if so given, shall be deemed given when mailed; upon receipt of facsimile confirmation, if sent by facsimile transmission; or upon receipt of an answer-back, if sent by telex):

American General Corporation
2929 Allen Parkway
Houston, Texas 77019
Attention: Treasury
Telecopy: (713) 522-3487

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by American General in the same manner as notices are sent by American General Capital to the Holders.

6.6 GENDERS. The masculine and neuter genders used herein shall include the masculine, feminine and neuter genders.

6.7 GUARANTEE NOT SEPARATELY TRANSFERABLE. This Guarantee is solely for the benefit of the Holders and is not separately transferable from the Preferred Securities.

6.8 GOVERNING LAW. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6.9 SEVERABILITY. In case any provision of this Guarantee shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

6.10 HEADINGS. The Article and section headings herein are for convenience only and shall not affect the construction hereof.

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IN WITNESS WHEREOF, American General has caused this Guarantee to be duly executed as of the day and year first above written.

AMERICAN GENERAL CORPORATION

By: _____
Name:
Title:

ATTEST:

Secretary

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AMERICAN GENERAL CORPORATION

RESOLUTIONS RELATING TO _____% SERIES A CONVERTIBLE
JUNIOR SUBORDINATED DEBENTURES DUE _____, 2025
ADOPTED BY THE TERMS COMMITTEE

WHEREAS, American General Delaware, L.L.C., a Delaware limited liability company ("American General Delaware"), proposes to issue its _____ Preferred Securities, Series A (collectively, the "Series A Preferred Securities") and use the proceeds from the sale of such Preferred Securities to purchase junior subordinated debentures of the Company; and

WHEREAS, this Committee desires to establish the terms of such junior subordinated debentures pursuant to Section 301 of the Indenture, [dated] [to be dated] as of _____, 1995 (the "Indenture"), between the Company and Chemical Bank, as Trustee;

Now, therefore, be it:

RESOLVED, that, upon receipt of the purchase price therefor, the Company shall issue, sell and deliver a series of its junior subordinated debentures pursuant to the Indenture.

RESOLVED, that the title, principal amount, interest rate, redemption provisions, conversion and exchange features, and other terms of such debentures to be fixed pursuant to Section 301 of the Indenture shall be as follows (capitalized terms appearing below that are defined in the Indenture, but not defined herein, having the meanings ascribed to them in the Indenture):

1. TITLE. Each of such debentures shall be designated as " % Series A Convertible Junior Subordinated Debenture due _____, 2025" (collectively, the "Series A Junior Subordinated Debentures") and each such Series A Junior Subordinated Debenture shall be included in the series of Securities so designated.

2. PRINCIPAL AMOUNT. The aggregate principal amount of the Series A Junior Subordinated Debentures which may be authenticated and delivered pursuant to these resolutions shall be limited to \$ or, if and to the extent that the underwriters underwriting the sale of the Series A Preferred Securities exercise their overallotment option with respect thereto, then such aggregate principal amount of Series A Junior Subordinated Debentures shall be up to \$ (except, in each case, for Series A Junior Subordinated Debentures authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of,

other Series A Junior Subordinated Debentures pursuant to Section 304, 305, 306, 907 or 1107 of the Indenture).

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3. MATURITY DATE. The principal of the Series A Junior Subordinated Debentures shall be payable (together with any accrued and unpaid interest thereon, including Additional Interest, as defined in Section 6, if any) on the earlier of (a) _____, 2025, or (b) the date upon which American General Delaware is liquidated, dissolved or wound-up; provided, however, that, if all the Series A Preferred Securities are exchanged for Series A Junior Subordinated Debentures (a "Series A Special Event Exchange") in the manner set forth in Section 5(d) of the Written Action, dated _____, 1995 (the "Written Action"), of the Managing Member of American General Delaware establishing the Series A Preferred Securities, the Series A Junior Subordinated Debentures will mature on the date set forth in clause (a), notwithstanding that American General Delaware may have liquidated, dissolved or wound-up in connection with or after such Series A Special Event Exchange.

4. INTEREST RATE; INTEREST PAYMENT DATES. The Series A Junior Subordinated Debentures shall bear interest at the rate of _____ % per annum; interest shall accrue from _____, 1995 or from the most recent Interest Payment Date to which interest has been paid or duly provided for; the Interest Payment Dates on which such interest shall be payable shall be the last day of each calendar month of each year, commencing _____, 1995, until the principal is paid in full or such payment is duly provided for; and the Regular Record Date for the interest payable upon any such Interest Payment Date shall be the Business Day next preceding such Interest Payment Date, provided, however, that if the Series A Junior Subordinated Debentures are not in book-entry-only form during any period following a Series A Special Event Exchange, the Regular Record Date for any Interest Payment Date within such period shall be the fifteenth day of the month in which such Interest Payment Date occurs.

5. EXTENSION OF AN INTEREST PAYMENT PERIOD. The Company shall have the right, at any time and from time to time during the term of the Series A Junior Subordinated Debentures, to extend an interest payment period to a period ending on the last day of a calendar month (an "Extension Period") not exceeding 60 consecutive months, but in no event beyond the date of Stated Maturity or the Redemption Date of the Series A Junior Subordinated Debentures. During an Extension Period, interest will continue to accrue and compound monthly in the manner set forth in Section 6 below. Prior to the termination of any Extension Period of less than 60 consecutive months, the Company may further extend the interest payment period, provided that such Extension Period may not exceed 60 consecutive months and may not extend beyond the date of Stated Maturity or the Redemption Date of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all accrued and unpaid interest (including Additional Interest) then due, the Company may select a new Extension Period, subject to the above requirements. No interest shall be due during an Extension Period until the end of such period. Such interest shall be due and payable on the Interest Payment Date which is the last day of the Extension Period. The Regular Record Date for the

interest payable on such Interest Payment Date shall be the Business Day next preceding such Interest Payment Date, provided that if the Series A Junior Subordinated Debentures are not in book-entry-only form during any period following a Series A Special Event Exchange, the Regular Record Date for such payment shall be the 15th day of the month in which such Interest Payment Date occurs.

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At any time prior to a Series A Special Event Exchange and if any Series A Preferred Securities are then outstanding, the Company shall give American General Delaware notice of its selection of an Extension Period at least one Business Day prior to the earlier of (i) the date that dividends on the Series A Preferred Securities are payable or (ii) the date on which American General Delaware is required to give notice of the record or payment date of any dividend payable on the Series A Preferred Securities to the New York Stock Exchange ("NYSE") or other applicable self-regulatory organization or to holders of the Series A Preferred Securities, but in any event not less than one Business Day prior to such record date. After any Series A Special Event Exchange, the Company shall give the holders of the Series A Junior Subordinated Debentures notice of its selection of an Extension Period not less than two Business Days prior to the Regular Record Date for the first Interest Payment Date for which such Extension Period will be effective. In each case, the Company shall give the Trustee notice of its selection of an Extension Period not later than the Business Day such notice is required to be given to American General Delaware or the Holders of the Series A Junior Subordinated Debentures, as the case may be, pursuant to the preceding provisions of this paragraph.

Notice of the Company's extension of an Extension Period shall be given prior to the then scheduled end of the Extension Period in a manner similar to the notice given in connection with the selection of an Extension Period.

6. ADDITIONAL INTEREST. Interest shall accrue at the rate of ____% per annum on any interest on the Series A Junior Subordinated Debentures that is not paid during an Extension Period. Such interest shall compound monthly. The Company shall pay such interest, to the fullest extent permitted by applicable law, on the Interest Payment Date, which is the last day of such Extension Period. Additionally, if at any time prior to a Series A Special Event Exchange, American General Delaware shall be required to pay, with respect to the income it derives from the interest payments on the Series A Junior Subordinated Debentures, any amounts for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed by the United States (other than withholding taxes), or any other taxing authority, then, in any such case, the Company shall pay, to the fullest extent permitted

by applicable law, as additional interest such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received and retained by American General Delaware with respect to interest payments on the Series A Junior Subordinated Debentures, after the payment of such taxes, duties, assessments or governmental charges (including such taxes, duties, assessments or governmental charges payable with respect to additional sums payable pursuant to this sentence), shall result in American General Delaware's having such funds as it would have had in the absence of the payment of such taxes, duties, assessments or governmental charges. Such Additional Amounts shall be payable when the related interest payment on the Series A Junior Subordinated Debentures is due, except that, if the existence or applicability of such taxes, duties, assessments or governmental charges is not known by the Company at the time of such interest payment, then on the Interest Payment Date immediately preceding the date on which American General Delaware proposes to pay such taxes, duties, assessments or charges. The amounts of interest payable to effect monthly compounding on the Series A

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Junior Subordinated Debentures pursuant to the first three sentences of this Section 6, together with any such Additional Amounts, are referred to herein as "Additional Interest."

In addition to the Additional Interest, the Company shall be required to pay interest, at the rate borne by the Series A Junior Subordinated Debentures, on any principal or premium that is not paid when due and, to the extent that payment of such interest is lawful, interest on overdue installments of interest (which shall not include interest not paid because of an extension of an interest payment period).

7. PLACE OF PAYMENT. The Trustee is hereby appointed as the initial sole Paying Agent for the Series A Junior Subordinated Debentures. The principal of and interest (including any Additional Interest) on the Series A Junior Subordinated Debentures shall be payable at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, provided, however, that, at the option of the Company, payment of interest may be made (a) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (b) subject to the procedures of the Paying Agent, by wire transfer in immediately available funds at such place and to such account as may be designated by the Person entitled thereto as specified in the Security Register.

8. CONDITIONAL RIGHT OF REDEMPTION. If at any time following the Conversion Expiration Date or the Conversion Expiration Date of the Series A Junior Subordinated Debentures (as such terms are defined in Section 12(d)), less than 10% of the aggregate principal amount of the Series A Junior

Subordinated Debentures originally purchased by American General Delaware with the proceeds from the sale of the Series A Preferred Securities remains Outstanding, then the Series A Junior Subordinated Debentures shall be subject to redemption, in whole but not in part, at the option of the Company, at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

9. MANDATORY REDEMPTION.

(a) If, prior to a Series A Special Event Exchange, American General Delaware redeems any Series A Preferred Securities in accordance with the terms thereof, then the Series A Junior Subordinated Debentures shall be due and payable and shall be redeemed by the Company in an aggregate principal amount equal to the aggregate stated liquidation preference of the Series A Preferred Securities so redeemed at a Redemption Price equal to the unpaid principal amount of the Series A Junior Subordinated Debentures so redeemed, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date. Any redemption pursuant to this Section shall be made prior to 12:00 noon, New York time, on the date of such redemption of the Series A Preferred Securities (or at such other time on such earlier date as the Company and American General Delaware shall agree).

(b) In the case of a redemption pursuant to this Section 9, the Company shall, at least one Business Day prior to the Redemption Date, notify the Trustee of such

Redemption Date and of the principal amount of the Series A Junior Subordinated Debentures to be redeemed. If the related redemption of Series A Preferred Securities does not occur, then such redemption of the Series A Junior Subordinated Debentures shall be of no force and effect, notwithstanding the giving of such notice of redemption.

10. OPTIONAL REDEMPTION. The Series A Junior Subordinated Debentures shall be subject to redemption, at the option of the Company, in whole or in part, at any time or from time to time on or after _____, 2003 at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

Additionally, if, prior to a Series A Special Event Exchange, the Company or any of its Subsidiaries purchases any Series A Preferred Securities by tender, in the open market, or otherwise, the Company shall have the right to redeem the Series A Junior Subordinated Debentures in a principal amount not

to exceed the aggregate stated liquidation preference of the Series A Preferred Securities so purchased, at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

11. CONVERSION INTO AMERICAN GENERAL COMMON STOCK.

(a) Conversion Price. The Series A Junior Subordinated Debentures shall be convertible, at the option of the Holders, at any time on or before the earlier of the Conversion Expiration Date or the Conversion Expiration Date of the Series A Junior Subordinated Debentures, into fully paid and nonassessable shares of American General Common Stock at an initial conversion price of \$ _____ principal amount of Series A Junior Subordinated Debentures per share of American General Common Stock, subject to adjustment as described in Section 13 (such conversion price, as so adjusted, being herein called the "Conversion Price"). Subject to the provisions of this Section 11 and Section 12, a Holder of Series A Junior Subordinated Debentures may convert any portion of the principal amount of the Series A Junior Subordinated Debentures into that number of fully paid and nonassessable full shares of American General Common Stock obtained by dividing the aggregate principal amount of the Series A Junior Subordinated Debentures to be converted by such Holder by such Conversion Price.

(b) Conversion Procedure Prior to Series A Special Event Exchange. The Written Action provides that a holder of Series A Preferred Securities wishing to exercise its right under such Written Action to convert Series A Preferred Securities into American General Common Stock shall surrender to the Conversion Agent, as defined in Section 16, such Series A Preferred Securities (or, if such Series A Preferred Securities are in book-entry form, cause such Series A Preferred Securities to be transferred to the account of the Conversion Agent on the records of the Depository), together with an irrevocable notice of conversion setting forth the number of Series A Preferred Securities to be converted, together with the name or names, if other than the holder, in which the shares of American General Common Stock to be issued upon conversion are to be registered and directing it (i) to exchange such Series A Preferred Securities for the appropriate portion of the Series A Junior Subordinated Debentures held by American General Delaware at the

exchange rate specified in the Written Action and (ii) to immediately convert such Series A Junior Subordinated Debentures, on behalf of such holder, into shares of American General Common Stock. The Written Action also provides that, if such Series A Preferred Securities and notice of conversion are so delivered (or transferred, in the case of book-entry Series A Preferred Securities) to the Conversion Agent before the close of business on the

Conversion Expiration Date, American General Delaware shall deliver the appropriate portion of the Series A Junior Subordinated Debentures held by it to the Conversion Agent for conversion in accordance with this Section. As promptly as practicable after its receipt of a copy of such notice of conversion and the certificates representing the Series A Junior Subordinated Debentures surrendered for conversion (or, in the case of book-entry Series A Junior Subordinated Debentures, the transfer of such Series A Junior Subordinated Debentures to its account at the Depository), the Company shall issue and deliver at the office of the Conversion Agent a certificate or certificates for the number of full shares of American General Common Stock issuable upon such conversion, together with the cash payment, if any, in lieu of any fraction of a share to the Person or Persons entitled to receive the same and, if required pursuant to Section 11(e) below, the Series A Junior Subordinated Debentures referenced in such section.

(c) Conversion Procedure After Series A Special Event Exchange. In order to convert Series A Junior Subordinated Debentures into shares of American General Common Stock after a Series A Special Event Exchange and prior to the Conversion Expiration Date of the Series A Junior Subordinated Debentures, the Holder of any Series A Junior Subordinated Debentures to be converted shall surrender to the Conversion Agent such Series A Junior Subordinated Debentures, duly endorsed or assigned to the Company or in blank (or, if such Series A Junior Subordinated Debentures are in book-entry form, cause such Series A Junior Subordinated Debentures to be transferred to the account of the Conversion Agent on the records of the Depository), together with an irrevocable notice of conversion (copies of which shall be available at the office of the Conversion Agent) stating that the Holder elects to convert such Series A Junior Subordinated Debentures or, if less than the entire principal amount thereof is to be converted, the portion thereof to be converted. Such notice of conversion shall list the name or names, if other than the Holder, in which the shares of American General Common Stock to be issued upon conversion are to be registered upon conversion (and in which the unconverted portion, if any, of the Series A Junior Subordinated Debentures surrendered are to be registered). As promptly as practicable after its receipt of a copy of such notice of conversion and the certificates representing the Series A Junior Subordinated Debentures surrendered for conversion (or, in the case of book-entry Series A Junior Subordinated Debentures, the transfer of such Series A Junior Subordinated Debentures to its account at the Depository), the Company shall issue and shall deliver at the office of the Conversion Agent a certificate or certificates for the number of full shares of American General Common Stock issuable upon such conversion, together with the cash payment, if any, in lieu of any fraction of a share, and, if applicable, a new Series A Junior Subordinated Debenture representing the unconverted portion of the Series A Junior Subordinated Debentures surrendered for conversion.

(d) Fractional Shares. No fractional shares of American General Common Stock will be issued as a result of conversion, but in lieu thereof, such fractional interest will be

paid in cash (computed to the nearest cent, with one-half cent being rounded upward) by the Company based on the Current Market Price (as defined in Section 12(d)) of American General Common Stock on the date the notice of conversion was received by the Conversion Agent.

(e) Partial Conversions. If the conversion of any Series A Junior Subordinated Debenture is in part only, then a new Series A Junior Subordinated Debenture for the unconverted portion thereof will be issued in the name of the Holder thereof (or, subject to compliance with applicable legal requirements, the name specified by the Holder) upon the cancellation thereof in accordance with Section 305 of the Indenture.

(f) No Payments. Subject to the next succeeding sentence, upon the conversion of any Series A Junior Subordinated Debentures into American General Common Stock, the Company will not make, or be required to make, any payment, allowance or adjustment for accrued interest (including any Additional Interest) thereon, whether or not in arrears. If, however, a notice of conversion is received by the Conversion Agent with respect to Series A Junior Subordinated Debentures on or after a Regular Record Date and prior to the next succeeding Interest Payment Date, the Holder thereof will be entitled to receive the interest payable on such Interest Payment Date on the portion of such Series A Junior Subordinated Debentures to be converted, notwithstanding the conversion thereof prior to such Interest Payment Date. No payment or adjustment shall be made upon conversion of any Series A Junior Subordinated Debentures into American General Common Stock with respect to dividends or other distributions on such American General Common Stock having record dates prior to the date of conversion.

(g) Effective Time of Conversion. Each conversion shall be deemed to have been effected immediately prior to the close of business on the day on which the related notice of conversion was received by the Conversion Agent and the Conversion Price of Series A Subordinated Debentures surrendered for conversion shall be the Conversion Price in effect at that time. The Person or Persons entitled to receive the American General Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of the American General Common Stock issued upon such conversion as of such effective time and, at such time, the rights of the Holders of the converted Series A Junior Subordinated Debentures, as such Holders, but subject to the second sentence of Section 11(f) and the last sentence of Section 11(h), shall cease.

(h) Effect of Conversion. Subject to the second sentence of Section 11(f), the Company's delivery (through the Conversion Agent or otherwise) of the number of full shares of American General Common Stock into which the Series A Junior Subordinated Debentures surrendered for conversion

are convertible (together with the cash payment, if any, in lieu of fractional shares) to the Person or Persons entitled to receive such shares shall be deemed to satisfy the Company's obligation to pay the principal amount at Maturity of the portion of Series A Junior Subordinated Debentures so converted and any unpaid interest, including Additional Interest (but excluding Additional Amounts), accrued on, or payable with respect to, such Series A Junior Subordinated Debentures at the time of such conversion. A Holder's right to receive Additional Amounts accrued as of the effective time of conversion shall continue until such Additional Amounts are paid.

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(i) Issuance of Rights. Whenever the Company shall issue shares of American General Common Stock upon conversion of Series A Junior Subordinated Debentures as contemplated by this Section 11, the Company shall issue, together with each such share of American General Common Stock, one right to purchase Series A Junior Participating Preferred Stock of the Company (or other securities in lieu thereof) pursuant to the Rights Agreement, dated as of July 27, 1989, between the Company and First Chicago Trust Company of New York, as amended, or any similar rights issued to holders of American General Common Stock in addition thereto or in replacement therefor (such rights, together with any additional or replacement rights, being collectively referred to as the "Rights"), whether or not such Rights shall be exercisable at such time, but only if such Rights are issued and outstanding and held by other holders of American General Common Stock (or are evidenced by outstanding share certificates representing American General Common Stock) at such time and have not expired or been redeemed.

12. EXPIRATION OF CONVERSION RIGHTS.

(a) Right of Company to Terminate Conversion Privilege. On or after _____, _____, the Company may, at its option, cause the conversion rights of Holders of Series A Junior Subordinated Debentures to expire if (i) the Company is then current in the payment of interest (without regard to any Extension Period) on the Series A Junior Subordinated Debentures and (ii) for 20 Trading Days (as defined in Section 13(e)) within any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Current Market Price of American General Common Stock shall have exceeded 120% of the Conversion Price then in effect.

(b) Exercise of Option Prior to a Series A Special Event Exchange. In order to exercise its conversion expiration option prior to a Series A Special Event Exchange, the Company shall give a written notice to American General Delaware directing American General Delaware to exercise its right, pursuant to Section 8(d) of the Written Action, to cause the conversion rights of the holders of Series A Preferred Securities to expire and to issue the

press release referred to in Section 8(d)(ii) of the Written Action. The Company shall also furnish a copy of such notice to the Trustee (and the Conversion Agent if the Trustee is not then serving as the Conversion Agent). If American General Delaware fails to issue such press release within two Business Days after its receipt of such notice, the Company may, on behalf of American General Delaware, issue such press release in accordance with the provisions of Section 8(d)(ii) of the Written Action.

(c) Exercise of Option After a Series A Special Event Exchange. In order to exercise its conversion expiration option after a Series A Special Event Exchange, the Company shall issue a press release for publication on the Dow Jones News Service or on a comparable news service announcing the Conversion Expiration Date of the Series A Junior Subordinated Debentures. Such press release must be issued prior to the opening of business on the second Trading Day after a period in which the conditions in Section 12(a) have been met, but in no event prior to _____, _____. Such press release shall state that the Company has elected to exercise its right to terminate the conversion privilege, specify the Conversion Expiration Date of the Series A Junior Subordinated Debentures (as determined in the manner set forth below) and provide the Conversion

Price and the Current Market Price of American General Common Stock, in each case as of the close of business on the Trading Day next preceding the date of the press release. Additionally, the Company shall cause a notice of the expiration of conversion rights (a "Notice of Conversion Expiration") to be given by first-class mail to the Holders of Series A Junior Subordinated Debentures, the Trustee (and the Conversion Agent if the Trustee is not then serving as the Conversion Agent) not more than four Business Days after the Company issues the press release. The Notice of Conversion Expiration shall state, as appropriate: (i) the Conversion Expiration Date of the Series A Junior Subordinated Debentures; (ii) the Conversion Price of the Series A Junior Subordinated Debentures and the Current Market Price of the American General Common Stock, in each case as of the close of business on the Trading Day next preceding the date of the Notice of Conversion Expiration; (iii) the place or places at which a conversion notice with respect to Series A Junior Subordinated Debentures may be given to the Conversion Agent in accordance with Section 11(c) prior to the Conversion Expiration Date of the Series A Junior Subordinated Debentures; and (iv) such other information or instructions as the Company deems necessary or advisable to enable a Holder to exercise its conversion right hereunder. Notice of Conversion Expiration shall be deemed to have been given on the day such notice is first mailed by first-class mail, postage prepaid, to each Holder of Series A Junior Subordinated Debentures at the address of the Holder appearing in the Security Register (whether or not the Holder receives the Notice of Conversion Expiration). No defect in the

Notice of Conversion Expiration or in the mailing thereof with respect to any Series A Junior Subordinated Debenture shall affect the validity of the Company's exercise of its conversion expiration option if the press release referred to above shall have been issued.

(d) Certain Definitions. The term "Conversion Expiration Date" has the meaning assigned to such term in Section 8(d)(ii) of the Written Action. The "Conversion Expiration Date of the Series A Junior Subordinated Debentures" shall be the close of business on the Business Day selected by the Company which is not less than 30 nor more than 60 calendar days after the date on which the Company issues the press release required by Section 12(c) announcing its intention to terminate the conversion rights of the holders of the Series A Junior Subordinated Debentures. If the Company does not exercise its conversion expiration option, the Conversion Expiration Date of the Series A Junior Subordinated Debentures (i) with respect to any principal amount of Series A Junior Subordinated Debentures which is called for redemption shall be the close of business on the third Business Day prior to the scheduled Redemption Date for such Series A Junior Subordinated Debentures and (ii) in any other case shall be the close of business on the third Business Day prior to the Stated Maturity of the principal of the Series A Junior Subordinated Debentures. As of the close of business on the earlier of the Conversion Expiration Date or the Conversion Expiration Date of the Series A Junior Subordinated Debentures, the Series A Junior Subordinated Debentures shall be deemed to be non-convertible securities.

The term "Current Market Price" of American General Common Stock for any day means the reported last sale price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the NYSE Composite Tape, or, if the American General Common Stock is not listed or admitted to trading on the NYSE, on the principal national

securities exchange on which the American General Common Stock is listed or admitted to trading, or if the American General Common Stock is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if the American General Common Stock is not quoted or admitted to trading on such quotation system, on the principal quotation system on which the American General Common Stock is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, the average of the closing bid and asked prices of the American General Common Stock in the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or, if not so available in such

manner, as furnished by any NYSE member firm selected from time to time by the Board of Directors of the Company for that purpose or, if not so available in such manner, as otherwise determined in good faith by the Company's Board of Directors.

13. CONVERSION PRICE ADJUSTMENTS.

(a) Stock Dividends, Subdivisions, Etc. The Conversion Price shall be subject to adjustment from time to time as follows:

(i) If the Company shall pay or make a dividend or other distribution exclusively in American General Common Stock on any class or series of capital stock of the Company, then the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction, of which the numerator shall be the number of shares of American General Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subparagraph (i), the number of shares of American General Common Stock at any time outstanding shall not include shares held in the treasury of the Company. The Company shall not pay any dividend or make any distribution exclusively in American General Common Stock on shares of any class or series of capital stock of the Company held in the treasury of the Company.

(ii) Subject to Section 13(g), if the Company shall pay or make a dividend or other distribution on the outstanding shares of American General Common Stock consisting exclusively of, or shall otherwise issue to all holders of the outstanding shares of American General Common Stock, rights (other than Rights) or warrants entitling the holders thereof to subscribe for or purchase shares of American General Common Stock at a price per share (taking into account the consideration received for the issuance of such right or warrant plus any consideration to be received upon the exercise thereof) less than the Current Price per share (determined as provided in subparagraph (vi) of this Section 13(a)) of the American General Common Stock on the date fixed for the determination of shareholders entitled to receive such rights

or warrants, then the Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Conversion Price by a fraction, of which the numerator shall be the number of shares of American General Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of American General Common Stock which the aggregate of the offering price of the total number of shares of American General Common Stock so offered for subscription or purchase would purchase at such Current Price per share and the denominator shall be the number of shares of American General Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of American General Common Stock so offered for subscription or purchase, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subparagraph (ii), the number of shares of American General Common Stock at any time outstanding shall not include shares held in the treasury of the Company. The Company shall not issue any rights or warrants in respect of shares of American General Common Stock held in the treasury of the Company. In case any rights or warrants referred to in this subparagraph (ii) in respect of which an adjustment shall have been made shall expire or terminate unexercised, the Conversion Price shall be readjusted at the time of such expiration to the Conversion Price that would have been in effect if no adjustment had been made on account of the distribution or issuance of such expired rights or warrants.

(iii) If outstanding shares of American General Common Stock shall be subdivided into a greater number of shares of American General Common Stock, then the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced and, conversely, if outstanding shares of American General Common Stock shall be combined into a smaller number of shares of American General Common Stock, then the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(iv) Subject to the last sentence of this subparagraph (iv), if the Company shall, by dividend or otherwise, pay or otherwise distribute to all holders of American General Common Stock evidences of its indebtedness, shares of any class or series of American General Capital Stock, cash, securities or other assets other than Excluded Dividends (as defined below), then the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the effectiveness of the Conversion Price reduction contemplated by

this subparagraph (iv) by (B) a fraction of which the numerator shall be the Current Price per share (determined as provided in subparagraph (vi) of this Section 13(a)) of the American General Common Stock on the date fixed for the payment of such distribution (the "Reference Date") less the fair market value, on the Reference Date, of the portion of the evidences of

indebtedness, shares of American General Capital Stock, cash, securities or other assets so distributed (other than Excluded Dividends) applicable to one share of American General Common Stock and the denominator shall be such Current Price per share of the American General Common Stock, such reduction to become effective immediately prior to the opening of business on the day following the Reference Date. "Excluded Dividends" shall mean (1) any dividend or distribution referred to in subparagraph (i) of this Section 13(a), (2) any dividend, distribution or issuance of rights or warrants referred to in subparagraph (ii) of this Section 13(a) or of Rights, (3) any regular cash dividend on the American General Common Stock that does not exceed the per share amount of the immediately preceding regular cash dividend on the American General Common Stock (as adjusted to appropriately reflect any of the events referred to in subparagraphs (i) and (iii) of this Section 13(a)), and (4) in the case of any other dividend or distribution (cash or otherwise), that portion thereof which, when combined with the per share fair market value of all other dividends and distributions paid by the Company on American General Common Stock during the 365-day period ending on the date of declaration of such dividend or distribution (as adjusted to appropriately reflect any of the events referred to in subparagraphs (i) and (iii) of this Section 13(a) and excluding dividends and distributions referred to in clauses (1) and (2) and dividends and distributions, or portions thereof, that resulted in an adjustment to the Conversion Price (or would have but for the application of Section 13(a)(viii), 13(f) or 13(g)), does not exceed 15% of the Current Price per share of the American General Common Stock on the Trading Day immediately preceding the date of declaration of such dividend or distribution. The fair market value of any dividend or distribution not paid in cash shall be determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors. For purposes of this subparagraph (iv), any dividend or distribution that includes shares of American General Common Stock or rights or warrants to subscribe for or purchase shares of American General Common Stock shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, shares of American General Capital Stock, cash or

assets other than such shares of American General Common Stock or such rights or warrants (making any Conversion Price reduction required by this subparagraph (iv)) immediately followed by (2) a dividend or distribution of such shares of American General Common Stock or such rights or warrants (making any further Conversion Price reduction required by subparagraphs (i) or (ii) of this Section 13(a) and, in the case of rights or warrants, subject to the last sentence of such subparagraph (ii)), except (A) the Reference Date of such dividend or distribution as defined in this subparagraph (iv) shall be substituted as "the date fixed for the determination of shareholders entitled to receive such dividend or other distribution," "the date fixed for the determination of shareholders entitled to receive such rights or warrants" and "the date fixed for such determination" within the meaning of subparagraphs (i) and (ii) of this Section 13(a) and (B) any shares of American General Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of subparagraph (i) of this Section 13(a).

(v) If a tender or exchange offer made by the Company or any Subsidiary of the Company for all or any portion of American General Common Stock shall expire and such tender or exchange offer shall involve the payment by the Company or such Subsidiary of consideration per share of American General Common Stock having a fair market value (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) at the last time (the "Tender Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may have been amended) that exceeds 110% of the Current Price per share (determined as provided in subparagraph (vi) of this Section 13(a)) of the American General Common Stock on the Trading Day (as defined in Section 13(e)) next succeeding the Tender Expiration Time, then the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the effectiveness of the Conversion Price reduction contemplated by this subparagraph (v) by a fraction, of which the numerator shall be the number of shares of American General Common Stock outstanding (including any tendered or exchanged shares) at the Tender Expiration Time multiplied by the Current Price per share (determined as provided in subparagraph (vi) of this Section 13(a)) of the American General Common Stock on the Trading Day next succeeding the Tender Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to shareholders based on the

acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Tender Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of American General Common Stock outstanding (less any Purchased Shares) at the Tender Expiration Time and the Current Price per share (determined as provided in subparagraph (vi) of this Section 13(a)) of the American General Common Stock on the Trading Day next succeeding the Tender Expiration Time, such reduction to become effective immediately prior to the opening of business on the day following the Tender Expiration Time. Notwithstanding anything contained in this Section 13(a)(v) to the contrary, no adjustment shall be made to the Conversion Price in the case of a tender or exchange offer of the character described in Rule 13e-4(h)(5) under the Securities Exchange Act of 1934, as amended, or any successor rule thereto.

(vi) For the purpose of any computation under subparagraphs (ii), (iv) and (v) of this Section 13(a), the "Current Price" per share of American General Common Stock on any date in question shall be deemed to be the average of the daily Closing Prices (as defined in Section 13(e)) for the five consecutive Trading Days selected by the Company commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and, if applicable, the day before the "ex" date with respect to the issuance or distribution requiring such computation; provided, however, that if another event occurs that would require an adjustment pursuant to subparagraph (i) through (v), inclusive, the Board of Directors may make such adjustments to the Closing Prices during such five Trading Day period as it deems appropriate to effectuate the intent of the adjustments in this Section 13(a),

in which case any such determination by the Board of Directors shall be set forth in a Board Resolution and shall be conclusive. For purposes of this paragraph, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the American General Common Stock trades regular way on the relevant exchange or in the relevant market from which the Closing Prices were obtained without the right to receive such issuance or distribution, and (2) when used with respect to any tender or exchange offer means the first date on which the American General Common Stock trades regular way on such exchange or in such market after the Tender Expiration Time of such offer.

(vii) The Company may make such reductions in the Conversion Price of the Series A Junior Subordinated Debentures, in addition to those required by subparagraphs (i), (ii), (iii), (iv) and (v) of this Section 13(a), as it considers to be advisable to avoid or diminish any income tax to holders of American General Common Stock or holders of rights to purchase American General Common Stock or securities convertible into American General Common Stock, resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. The Company from time to time may reduce the Conversion Price by any amount selected by the Company for any period of time if the period is at least twenty days, and the Board of Directors of the Company shall have made a determination that such reduction would be in the best interest of the Company, which determination shall be conclusive. Whenever the Conversion Price is reduced pursuant to the preceding sentence, the Company shall mail to holders of record of the Series A Junior Subordinated Debentures a notice of the reduction at least fifteen days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and the period it will be in effect.

(viii) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price; provided, however, that any adjustments which by reason of this subparagraph (viii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 13 shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be, with one-half cent and 5/1000th of a share, respectively, being rounded upward.

(ix) Whenever the Conversion Price is adjusted as herein provided:

(1) the Company shall compute the adjusted Conversion Price and shall prepare a certificate signed by the Chief Financial Officer, the Treasurer or a Vice President of the Company setting forth the adjusted Conversion Price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed with the Conversion Agent and, if such adjustment is made prior to a Series A Special Event Exchange, to American General Delaware; and

(2) if such adjustment is made after a Series A Special Event Exchange, the Company shall cause a notice stating that the Conversion Price has been adjusted and setting forth the adjusted Conversion Price to be mailed to all record holders of Series A Junior Subordinated Debentures at their last addresses as they appear upon the Security Register.

(b) Reclassification, Consolidation, Merger Or Sale of Assets. In the event that the Company shall be a party to any transaction, including without limitation any recapitalization or reclassification of the American General Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of the American General Common Stock), any consolidation of the Company with, or merger of the Company into, any other Person, any merger of another Person into the Company (other than a merger which does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of American General Common Stock), any sale or transfer of all or substantially all of the assets of the Company or any compulsory share exchange, in each case pursuant to which the American General Common Stock is converted into the right to receive other securities, cash or other property, then lawful provision shall be made as part of the terms of such transaction whereby each holder of Series A Junior Subordinated Debentures then outstanding shall have the right thereafter to convert such Series A Junior Subordinated Debentures only into (i) in the case of any such transaction other than a Common Stock Fundamental Change (as defined in Section 13(e)), the kind and amount of securities, cash and other property receivable upon the consummation of such transaction by a holder of that number of shares of American General Common Stock into which such Series A Junior Subordinated Debentures could have been converted immediately prior to such transaction, after giving effect, in the case of any Non-Stock Fundamental Change (as defined in Section 13(e)), to any adjustment in the Conversion Price required by the provisions of Section 13(d), and (ii) in the case of a Common Stock Fundamental Change, common stock of the kind received by holders of American General Common Stock as a result of such Common Stock Fundamental Change in an amount determined pursuant to the provisions of Section 13(d). The Company or the Person formed by such consolidation or resulting from such merger or which acquired such assets or which acquired the Company's shares, as the case may be, shall make provision in its certificate or articles of incorporation or other constituent document to establish such right. Such certificate or articles of incorporation or other constituent document shall provide for adjustments which, for events subsequent to the effective date of such provisions in such certificate or articles of incorporation or other constituent document, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 13. The above provisions shall similarly apply to successive transactions of the foregoing type.

(c) Prior Notice Of Certain Events. In case:

(i) the Company shall (1) declare any dividend (or any

other distribution) on the American General Common Stock, other than (A) a dividend payable in shares of American General Common Stock or (B) a dividend payable in cash that would not require an adjustment pursuant to 13(a)(iv) or (2) authorize a tender or exchange offer that would require an adjustment pursuant to Section 13(a)(v);

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(ii) the Company shall authorize the granting to all holders of American General Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or series or of any other rights or warrants (other than Rights);

(iii) of any reclassification of American General Common Stock (other than a subdivision or combination of the outstanding American General Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company shall be required, or of the sale or transfer of all or substantially all of the assets of the Company or of any compulsory share exchange whereby the American General Common Stock is converted into other securities, cash or other property; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company shall (1) if such event occurs prior to a Series A Special Event Exchange, cause to be filed with American General Delaware or (2) if such event occurs after a Series A Special Event Exchange, cause to be mailed to the Holders at their last addresses as they appear in the Security Register, in each case, at least fifteen calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record (if any) is to be taken for the purpose of such dividend, distribution, rights or warrants or, if a record is not to be taken, the date as of which the holders of American General Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of American General Common Stock of record shall be entitled to exchange their shares of American General Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the corporate action required to be specified in such notice).

(d) Adjustments In Case of Fundamental Changes. Notwithstanding any other provision in this Section 13 to the contrary, if any Fundamental Change (as defined in Section 13(e)) occurs, then the Conversion Price in effect will be adjusted immediately after such Fundamental Change as described below. In addition, in the event of a Common Stock Fundamental Change, the Series A Junior Subordinated Debentures shall be convertible solely into common stock of the kind received by holders of American General Common Stock as the result of such Common Stock Fundamental Change as more specifically provided in the following clauses (d)(i) and (d)(ii).

For purposes of calculating any adjustment to be made pursuant to this Section 13(d) in the event of a Fundamental Change, immediately after such Fundamental Change:

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(i) in the case of a Non-Stock Fundamental Change, the Conversion Price shall thereupon become the lower of (A) the Conversion Price in effect immediately prior to such Non-Stock Fundamental Change, but after giving effect to any other prior adjustments effected pursuant to this Section 13, and (B) the result obtained by multiplying the greater of the Applicable Price (as defined in Section 13(e)) or the then applicable Reference Market Price (as defined in Section 13(e)) by a fraction, of which the numerator shall be \$50 and the denominator shall be the amount set forth below (based on the date such Non-Stock Fundamental Change occurs):

Twelve Months Ending _____,	Denominator
1996	\$
1997	\$
1998	\$
1999	\$
2000	\$
2001	\$
2002	\$
2003 and thereafter	\$

; and

(ii) in the case of a Common Stock Fundamental Change, the Conversion Price in effect immediately prior to such Common Stock Fundamental Change, but after giving effect to any other prior

adjustments effected pursuant to this Section 13, shall thereupon be adjusted by multiplying such Conversion Price by a fraction of which the numerator shall be the Purchaser Stock Price (as defined in Section 13(e)) and the denominator shall be the Applicable Price; provided, however, that in the event of a Common Stock Fundamental Change in which (A) 100% of the value of the consideration received by a holder of American General Common Stock is common stock of the successor, acquiror or other third party (and cash, if any, is paid only with respect to any fractional interests in such common stock resulting from such Common Stock Fundamental Change) and (B) all of the American General Common Stock shall have been exchanged for, converted into or acquired for common stock (and cash with respect to fractional interests) of the successor, acquiror or other third party, the Conversion Price of the Series A Junior Subordinated Debentures in effect immediately prior to such Common Stock Fundamental Change shall thereupon be adjusted by multiplying such Conversion Price by a fraction of which the numerator shall be one (1) and the denominator shall be the number of shares of common stock of the successor, acquiror, or other third party received by a holder of one share of American General Common Stock as a result of such Common Stock Fundamental Change.

(e) Definitions. The following definitions shall apply to terms used in this Section 13:

(i) "Applicable Price" shall mean (i) in the event of a Non-Stock Fundamental Change in which the holders of the American General Common Stock receive only cash, the amount of cash received by a holder of one share of American General Common Stock and (ii) in the event of any other Non-Stock Fundamental Change or any Common Stock Fundamental Change, the average of the daily Closing Prices of the American General Common Stock for the ten consecutive Trading Days prior to and including the record date for the determination of the holders of American General Common Stock entitled to receive securities, cash or other property in connection with such Non-Stock Fundamental Change or Common Stock Fundamental Change, or, if there is no such record date, the date upon which the holders of the American General Common Stock shall have the right to receive such securities, cash or other property (such record date or distribution date being hereinafter referred to as the "Entitlement Date"), in each case, as adjusted in good faith by the Board of Directors to appropriately reflect any of the events referred to in subparagraphs (i), (ii), (iii), (iv) and (v) of Section 13(a).

(ii) "Closing Price" of any common stock on any day shall mean the reported last sale price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the principal national securities exchange on which such common stock is listed or admitted to trading, or, if such common stock is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if such common stock is not quoted or admitted to trading on such quotation system, on the principal quotation system on which such common stock is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, the average of the closing bid and asked prices of such common stock in the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or, if not so available in such manner, as furnished by any NYSE member firm selected from time to time by the Board of Directors for that purpose or, if not so available in such manner, as otherwise determined in good faith by the Board of Directors.

(iii) "Common Stock Fundamental Change" shall mean any Fundamental Change in which more than 50% of the value (as determined in good faith by the Board of Directors) of the consideration received by holders of American General Common Stock consists of common stock that for each of the ten consecutive Trading Days prior to the Entitlement Date has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the National Market System of the National Association of Securities Dealers, Inc.; provided, however, that a Fundamental Change shall not be a Common Stock Fundamental Change unless either (i) the Company continues to exist after the occurrence of such Fundamental Change and the outstanding Series A Junior

Subordinated Debentures continue to exist as outstanding Series A Junior Subordinated Debentures, or (ii) not later than the occurrence of such Fundamental Change, the outstanding Series A Junior Subordinated Debentures are converted into or exchanged for convertible subordinated debentures of the entity succeeding to the business of the Company, which convertible subordinated debentures have terms substantially similar to those of the Series A Junior Subordinated Debentures.

(iv) "Conversion Price" shall have the meaning given that term in Section 11(a).

(v) "Fundamental Change" shall mean the occurrence of any transaction or event in connection with a plan pursuant to which all or substantially all of the American General Common Stock shall be exchanged for, converted into, acquired for or constitute solely the right to receive securities, cash or other property (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise); provided, however, that, in the case of a plan involving more than one such transaction or event, for purposes of adjustment of the Conversion Price, such Fundamental Change shall be deemed to have occurred when substantially all of the American General Common Stock shall be exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property, but the adjustment shall be based upon the highest weighted average per share consideration that a holder of American General Common Stock could have received in such transactions or events as a result of which more than 50% of the American General Common Stock shall have been exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property.

(vi) "Non-Stock Fundamental Change" shall mean any Fundamental Change other than a Common Stock Fundamental Change.

(vii) "Purchased Shares" shall have the meaning given that term in Section 13(a) (v).

(viii) "Purchaser Stock Price" shall mean, with respect to any Common Stock Fundamental Change, the average of the daily Closing Prices of the common stock received in such Common Stock Fundamental Change for the ten consecutive Trading Days prior to and including the Entitlement Date, as adjusted in good faith by the Board of Directors to appropriately reflect any of the events referred to in subparagraphs (i), (ii), (iii), (iv) and (v) of Section 13(a).

(ix) "Reference Date" shall have the meaning given that term in Section 13(a) (iv).

(x) "Reference Market Price" shall initially mean \$_____ and in the event of any adjustment to the Conversion Price other than as a result of a Non-Stock Fundamental Change, the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the Conversion Price after giving effect to any

such adjustment shall always be the same as the ratio of \$_____ to the initial Conversion Price.

(xi) "Tender Expiration Time" shall have the meaning given that term in Section 13(a)(v).

(xii) "Trading Day" shall mean, with respect to any security listed or admitted to trading on the NYSE, any day on which such security is traded on the NYSE, or, if such security is not listed or admitted to trading on the NYSE, on the principal national securities exchange on which such security is listed or admitted to trading, or, if such security is not listed or admitted to trading on a national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc., or, if such security is not quoted or admitted to trading on such quotation system, on the principal quotation system on which such security is listed or admitted to trading or quoted, or, if not listed or admitted to trading or quoted on any national securities exchange or quotation system, in the over-the-counter market.

(f) Dividend or Interest Reinvestment Plans. Notwithstanding the foregoing provisions of this Section 13, no adjustment of the Conversion Price shall be required to be made upon the issuance of any shares of American General Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Company and the investment of additional optional amounts in shares of American General Common Stock under any such plan, or the issuance of any shares of American General Common Stock or options or rights to purchase such shares pursuant to any present or future employee, officer, director, or consultant benefit plan or program or agreement of the Company or a Subsidiary or pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Series A Junior Subordinated Debentures were first established pursuant to this instrument.

(g) Certain Rights. Notwithstanding any other provision of this Section 13, the issuance or distribution of Rights shall not be deemed to constitute an issuance or a distribution or dividend of rights, warrants, or other securities to which any of the adjustment provisions described above applies.

(h) Certain Additional Rights. In case the Company shall, by dividend or otherwise, declare or make a distribution on American General Common Stock referred to in Section 13(a)(iv) (including, without limitation, dividends or distributions referred to in the last sentence of Section 13(a)(iv) but excluding the Excluded Dividends), the Holders of the Series A Junior Subordinated Debentures, upon the conversion thereof subsequent to the close of business on the date fixed for the determination of shareholders entitled to receive such distribution and prior to the effectiveness of the Conversion Price adjustment in respect of such distribution, shall also be entitled to receive for each share of American General Common Stock into which

the Series A Junior Subordinated Debentures are converted, the portion of the shares of American General Common Stock, rights, warrants, evidences of indebtedness, shares of capital stock, cash and assets so distributed applicable to one share of American General Common Stock; provided, however, that, at the election

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of the Company (whose election shall be evidenced by a Board Resolution) with respect to all Holders so converting, the Company may, in lieu of distributing to such Holders any portion of such distribution not consisting of cash or securities of the Company, pay such Holders an amount in cash equal to the fair market value thereof (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution). If any conversion of Series A Junior Subordinated Debentures described in the immediately preceding sentence occurs prior to the payment date for a distribution to holders of American General Common Stock which the Holder of the Series A Junior Subordinated Debentures so converted is entitled to receive in accordance with the immediately preceding sentence, the Company may elect (such election to be evidenced by a Board Resolution) to distribute to such Holder a due bill for the shares of American General Common Stock, rights, warrants, evidences of indebtedness, shares of capital stock, cash or assets to which such Holder is so entitled, provided that such due bill (i) meets any applicable requirements of the principal national securities exchange or other market on which the American General Common Stock is then traded, and (ii) requires payment or delivery of such shares of American General Common Stock, rights, warrants, evidences of indebtedness, shares of capital stock, cash or assets no later than the date of payment or delivery thereof to holders of shares of American General Common Stock receiving such distribution.

(i) One Adjustment. There shall be no adjustment of the Conversion Price in case of the issuance of any American General Capital Stock (or securities convertible into or exchangeable for American General Capital Stock) or any other distribution or event except as specifically described in this Section 13. If any action would require adjustment of the Conversion Price pursuant to more than one of the provisions of this Section 13, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value to the Holders of the Series A Junior Subordinated Debentures.

14. CONVERSION FOR AMERICAN GENERAL SERIES A PREFERRED STOCK PRIOR TO A SERIES A SPECIAL EVENT EXCHANGE.

(a) Convertibility. Section 9 of the Written Action provides that, upon the occurrence of an Exchange Event (as defined in Section 14(d)) prior to a Series A Special Event Exchange, the holders of a majority of the

aggregate liquidation preference of the Series A Preferred Securities then outstanding, voting at a meeting of the holders of the Series A Preferred Securities called for such purpose or by written consent, may, at their option, direct the Conversion Agent to exchange all (but not less than all) of the Series A Preferred Securities for Series A Junior Subordinated Debentures and to immediately convert such Series A Junior Subordinated Debentures, on behalf of such holders, for shares of Series A Cumulative Convertible Preferred Stock, par value \$1.50 per share, of the Company ("American General Series A Preferred Stock"), at the rate of one share of American General Series A Preferred Stock for each \$50 principal amount of Series A Junior Subordinated Debentures. Accordingly, prior to a Series A Special Event Exchange and if any Series A Preferred Securities are then outstanding, the Series A Junior Subordinated Debentures shall be convertible at the request of Holders thereof, following an Exchange Election (as defined in Section 9(c) of the Written Action) by a majority in

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aggregate liquidation preference of the Series A Preferred Securities, into fully paid and non-assessable shares of American General Series A Preferred Stock in accordance with the terms and conditions of this Section 14.

(b) Conversion Procedure. The procedure for the conversion of all the Series A Junior Subordinated Debentures into shares of American General Series A Preferred Stock pursuant to this Section 14 shall be as follows:

(i) The Conversion Agent, upon receiving irrevocable notice from American General Delaware (or such other Person as is entitled to give such notice under the Written Action) of an Exchange Election by the holders of a majority in aggregate liquidation preference of the Series A Preferred Securities (a "Notice of Exchange"), shall (A) exchange all (but not less than all) outstanding Series A Preferred Securities for Series A Junior Subordinated Debentures held by American General Delaware in the manner prescribed in Section 9(a) of the Written Action at the rate of \$50 principal amount of Series A Junior Subordinated Debentures for each share of Series A Preferred Securities and (B) deliver a copy of the Notice of Exchange to the Company and, if the Trustee is not then serving as the Conversion Agent, the Trustee. Upon receipt by it of the Notice of Exchange, American General Delaware shall deliver the appropriate principal amount of Series A Junior Subordinated Debentures held by it to the Conversion Agent (or, if such Series A Junior Subordinated Debentures are in book-entry form, cause such principal amount of Series A Junior Subordinated Debentures to be transferred to the account of the Conversion Agent on the records of the Depository) for conversion in accordance with this Section 14.

(ii) Upon receipt of a copy of the Notice of Election from the Conversion Agent and the certificates, if any, representing the appropriate principal amount of Series A Junior Subordinated Debentures held by American General Delaware (or the transfer thereof to its account at the Depository, as the case may be), the Company shall issue, and deliver to the Conversion Agent, shares of American General Series A Preferred Stock for the principal amount of Series A Junior Subordinated Debentures so to be converted, at the rate of one share of American General Series A Preferred Stock for each \$50 principal amount of Series A Junior Subordinated Debentures.

(iii) The Company shall cause the shares of American General Series A Preferred Stock issuable upon conversion of the Series A Junior Subordinated Debentures to be registered in the names of the holders of Series A Preferred Securities designated in the Notice of Exchange and, as promptly as practicable after receipt of certificates representing the shares of American General Series A Preferred Stock so registered, the Conversion Agent shall deliver such certificates, if any, representing the American General Series A Preferred Stock issuable upon such conversion to the Person or Persons entitled to receive the same.

(c) Accrued Interest; Effective Date of Exchange. Any accrued but unpaid interest (including any Additional Interest) on the Series A Junior Subordinated Debentures

surrendered for conversion shall, from and after the time of such conversion, be treated as accumulated and unpaid dividends on the American General Series A Preferred Stock issued upon conversion of the Series A Junior Subordinated Debentures. Series A Junior Subordinated Debentures shall be deemed to have been converted immediately prior to the close of business on the Exchange Election Date (as defined below). The Person or Persons entitled to receive the American General Series A Preferred Stock issuable upon an exchange of the Series A Preferred Securities shall be treated for all purposes as the record holder or holders of such shares at such time and, at such time, all interest on the Series A Junior Subordinated Debentures shall cease to accrue and the rights of such Person or Persons as a Holder or Holders of Series A Junior Subordinated Debentures shall cease. Any Series A Junior Subordinated Debentures surrendered for conversion shall be cancelled by the Trustee.

(d) Definitions. For the purpose of this Section 14, the failure of holders of Series A Preferred Securities to receive, for 15 consecutive months, the full amount of dividend payments (including arrearages and any

Additional Dividends (as defined in Section 1 of the Written Action)) on the Series A Preferred Securities will constitute an "Exchange Event." The term "Exchange Election Date" shall mean the date of an Exchange Election Meeting (as defined in Section 9(c) of the Written Action) at which the holders of a majority of the aggregate liquidation preference of the Series A Preferred Securities authorize the exchange of all the Series A Preferred Securities or, in the absence of such meeting, the date of receipt by American General Delaware of a written consent or consents signed by the holder or holders of a majority in aggregate liquidation preference of the Series A Preferred Securities authorizing such exchange.

15. CERTAIN PROVISIONS APPLICABLE TO CONVERSION INTO AMERICAN GENERAL SERIES A PREFERRED STOCK.

(a) Redemptions and Conversion. Notwithstanding the provisions of Section 14, a Series A Junior Subordinated Debenture (or portion thereof called for redemption) may not be converted into American General Series A Preferred Stock if such Series A Junior Subordinated Debenture (or applicable portion thereof) has been previously surrendered for conversion into American General Common Stock or called for redemption unless the applicable Redemption Price is not paid on the applicable Redemption Date.

(b) Consolidation, Mergers and Sale of Assets. If the Company shall consolidate with, or merge into, another Person or sell or transfer all or substantially all of the property of the Company to another Person, in each case prior to a conversion pursuant to Section 14, then, subject to the penultimate sentence of this Section 15(b), lawful provision shall be made as part of the terms of such transaction whereby each Holder of Series A Junior Subordinated Debentures then Outstanding shall have the right thereafter to convert, at a conversion rate as nearly equivalent as may be practicable to the rate specified in Section 14, each such Series A Junior Subordinated Debenture upon the occurrence of an Exchange Election only into shares of preferred stock of the Person resulting from such consolidation, surviving such merger or to which such property was transferred having substantially the same dividend and voting rights, liquidation preference, and (subject to the provisions of Section 13) other designations, preferences, limitations and relative rights as the American

General Series A Preferred Stock. The Person resulting from such consolidation or surviving such merger or which acquired such property, as the case may be, shall make provision in its certificate or articles of incorporation or other constituent document to establish such right. The above provisions shall similarly apply to successive transactions of the foregoing type.

16. CONVERSION AGENT. Chemical Mellon Shareholder Services, LLC shall be the initial Conversion Agent for the Series A Junior Subordinated Debentures. Without in any way limiting any authority granted to the Conversion Agent under the Written Action, in effecting the conversion and exchange transactions described in Sections 11 and 14, the Conversion Agent is acting (i) in the case of Sections 11(b) and 14, as agent of the holders of Series A Preferred Securities, and (ii) in the case of Section 11(c), as agent for the Holders of the Series A Junior Subordinated Debentures, directing it to effect such conversion or exchange transactions. Without in any way limiting any authority granted to the Conversion Agent under the Written Action, the Conversion Agent is authorized (i) to convert Series A Junior Subordinated Debentures into American General Common Stock and thereupon to deliver such shares of American General Common Stock, all in accordance with the provisions of Section 11, (ii) to convert Series A Junior Subordinated Debentures following the occurrence of an Exchange Event into American General Series A Preferred Stock and thereupon to deliver such shares of American General Series A Preferred Stock, all in accordance with the provisions of Section 14, and (iii) to conduct the other activities specified herein to be performed by such Conversion Agent. Subject to the provisions of 601 of the Indenture, neither the Trustee nor the Conversion Agent shall at any time be under any duty or responsibility to any Holder of a Series A Junior Subordinated Debenture or any holder of a Series A Preferred Security to determine whether any facts exist which may require any adjustment of the Conversion Price or any exchange contemplated hereby, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same. Neither the Trustee nor the Conversion Agent shall be accountable with respect to the validity or value (or the kind or amount) of any shares of American General Common Stock, or of any securities or property or cash, which may at any time be issued or delivered upon the conversion of any Series A Junior Subordinated Debenture or upon any exchange contemplated hereby; and neither the Trustee nor the Conversion Agent shall be deemed to make any representation with respect thereto. Subject to the provisions of 601 of the Indenture, neither the Trustee nor the Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of American General Common Stock or American General Series A Preferred Stock or stock certificates or other securities or property or cash upon the surrender of any Series A Junior Subordinated Debenture or Series A Preferred Security for the purpose of conversion or exchange or to comply with any of the covenants of the Company in this resolution, provided that the foregoing shall not relieve the

Conversion Agent of any responsibility it may have under this resolution to deliver to the Person entitled to receive the same the shares of American General Common Stock or American General Series A Preferred Stock or other

securities or property or cash which has been made available to the Conversion Agent by the Company for such purpose.

17. RESERVATION OF SHARES; REGULATORY REQUIREMENTS; TAXES; LISTING.

(a) Reservation of Shares. The Company shall at all times reserve and keep available out of its authorized and unissued American General Common Stock and American General Series A Preferred Stock, solely for issuance upon the conversion of the Series A Junior Subordinated Debentures, free from any preemptive or other similar rights, such number of shares of American General Common Stock and American General Series A Preferred Stock as shall from time to time be issuable upon the conversion of all the Series A Junior Subordinated Debentures then Outstanding. Notwithstanding the foregoing, the Company shall be entitled to deliver upon conversion of Series A Junior Subordinated Debentures, shares of American General Common Stock or American General Series A Preferred Stock, as appropriate, reacquired and held in the treasury of American General (in lieu of the issuance of authorized and unissued shares), so long as any such treasury shares are free and clear of all liens, charges, claims, equities, security interests or encumbrances. Any shares of American General Common Stock or American General Series A Preferred Stock, as appropriate, issued upon conversion of the Series A Junior Subordinated Debentures shall be duly authorized, validly issued and fully paid and nonassessable.

(b) Governmental Requirements. The Company shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all applicable requirements as to registration or qualification of the American General Common Stock and American General Series A Preferred Stock (and all requirements to list on the applicable stock exchange, the American General Common Stock and American General Series A Preferred Stock issuable upon conversion of Series A Junior Subordinated Debentures that are at the time applicable), that are necessary to enable the Company to lawfully issue American General Common Stock and American General Series A Preferred Stock upon the conversion of the Series A Junior Subordinated Debentures.

(c) Taxes. The Company shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of the issuance or delivery of shares of American General Common Stock or American General Series A Preferred Stock, as the case may be, by the Company upon conversion of the Series A Junior Subordinated Debentures. The Company shall not, however, be required to pay any tax, fee or governmental charge which may be payable in respect of any transfer involved in the issuance or delivery of shares of American General Common Stock or American General Series A Preferred Stock in a name other than that in which the security so converted was registered and no such issuance or delivery shall be made unless and until the Person requesting such issuance or delivery has paid to the Conversion Agent the amount of any such tax, fee or governmental charge or has established to the satisfaction of the Conversion Agent that such tax, fee or governmental charge has been paid. The Company and the Conversion Agent may require

that such Person furnish a suitable indemnity with respect to any tax, fee or other governmental charge required to be paid with respect to such a transfer. Nothing in this paragraph (c) shall limit the requirement of the Company to withhold taxes pursuant to applicable law or otherwise require the Company to pay any amounts on account of such withholding.

(d) Listing. If the Series A Preferred Securities are listed on the NYSE or another national securities exchange at the time of the distribution of the Series A Junior Subordinated Debentures pursuant to a Series A Special Event Exchange, then, prior to such distribution, the Company shall use its best efforts to cause the Series A Junior Subordinated Debentures to be listed on the NYSE or such other exchange on which the Series A Preferred Securities are then listed.

18. CERTAIN PROVISIONS APPLICABLE AFTER A SERIES A SPECIAL EVENT EXCHANGE. If, immediately prior to any Series A Special Event Exchange, the Series A Preferred Securities are represented by one or more global securities held by The Depository Trust Company ("DTC") or any successor securities depository or their respective nominees, then (a) DTC or such successor shall act as (and is hereby appointed) the Depository for the Series A Junior Subordinated Debentures, and (b) the Series A Junior Subordinated Debentures exchanged for the Series A Preferred Securities upon such Series A Special Event Exchange shall be represented by one or more global Series A Junior Subordinated Debentures registered in the name of DTC or such successor securities depository or their respective nominees.

After the date fixed for a Series A Special Event Exchange, any certificates representing Series A Preferred Securities not held by DTC or any successor securities depository or their respective nominees and not surrendered for exchange shall be deemed to represent Series A Junior Subordinated Debentures having a principal amount and accrued and unpaid interest equal to the liquidation preference plus accrued and unpaid dividends of such Series A Preferred Securities until such certificates are surrendered to the Conversion Agent for exchange in accordance with the terms of the Series A Special Event Exchange. Notwithstanding the foregoing, until such certificates are so surrendered, no payments of interest or principal will be made with respect to such Series A Junior Subordinated Debentures.

19. REGISTRAR. The Series A Junior Subordinated Debentures may be surrendered for registration of transfer or exchange and for conversion or exchange at the Corporate Trust Office of the Trustee and any notices or demands to or upon the Company in respect of the Series A Junior Subordinated Debentures and the Indenture may be presented at that office.

20. FORM. The certificates evidencing the Series A Junior Subordinated Debentures shall be substantially in the form attached hereto as Annex A, with such changes as the officer executing the same shall approve, such approval to be evidenced by such officer's manual or facsimile signature.

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21. TRANSFERABILITY. Prior to a Series A Special Event Exchange, the Series A Junior Subordinated Debentures may not be transferred by American General Delaware without the Company's prior consent. The Series A Junior Subordinated Debentures may be distributed to the holders of the Series A Preferred Securities upon the occurrence of a Tax Event or an Investment Event (as such terms are defined in the Written Action) only upon the written consent of the Company.

22. DENOMINATION. The Series A Junior Subordinated Debentures shall be issuable in denominations of \$50 and any integral multiple thereof.

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ANNEX A

FORM OF FACE OF SERIES A JUNIOR SUBORDINATED DEBENTURE

AMERICAN GENERAL CORPORATION

_____% Series A Convertible Junior Subordinated Debenture
Due _____, 2025

No. _____

\$ _____

American General Corporation, a corporation duly organized and

existing under the laws of the State of Texas (herein called the "Company", which term includes any successor under the Indenture referred to on the reverse side), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on the earlier of (i) _____, 2025 or (ii) the date upon which American General Delaware, L.L.C., a Delaware limited liability company (herein called "American General Delaware"), is liquidated, dissolved or wound-up; provided, however, that, if all the _____ Preferred Securities, Series A, of American General Delaware (herein called the "Series A Preferred Securities") are exchanged (herein called a "Series A Special Event Exchange") for the Series A Junior Subordinated Debentures (as defined on the reverse side) in accordance with terms of the Series A Preferred Securities, this Series A Junior Subordinated Debenture will mature on _____, 2025, notwithstanding that American General Delaware may have liquidated, dissolved or wound-up in connection with or after such Series A Special Event Exchange. The Company also agrees to pay interest on the principal hereof at the rate of ____% per annum from _____, 1995 (or from the most recent Interest Payment Date, as hereinafter defined, to which interest has been paid or duly provided for), payable monthly in arrears on the last day of each calendar month of each year (each an "Interest Payment Date"), commencing _____, 1995, until the principal hereof is paid or made available for payment. To the fullest extent permitted by applicable law, interest will accrue at the rate of ____% per annum on any interest installment that is not paid at the end of any monthly interest period compounded monthly (herein, together with the Additional Amounts referred to in the Indenture, called "Additional Interest"). The amount of interest payable for any period will be computed on the basis of a 360 day year consisting of twelve 30-day months and, for any period shorter than a full monthly interest payment period, will be computed on the basis of the actual number of days elapsed in such period. If any date on which interest is payable on this Series A Junior Subordinated Debenture is not a Business Day, then the payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. A "Business Day" shall mean any day other than a Saturday, Sunday

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or other day on which banking institutions in New York City are authorized or obligated by law or executive order to close. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Series A Junior Subordinated Debenture (or one or more Predecessor Securities, as

defined in the Indenture) is registered at the close of business on the Regular Record Date for such Interest Payment Date. The Regular Record Date shall be the Business Day next preceding such Interest Payment Date, provided that if the Series A Junior Subordinated Debentures are not in book-entry-only form during any period following a Series A Special Event Exchange, the Regular Record Date for any Interest Payment Date within such period shall be the 15th day of the month in which such Interest Payment Date occurs. Any such interest not so punctually paid or duly provided for (other than by reason of the following paragraph) will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Series A Junior Subordinated Debenture (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in such Indenture.

The Company shall have the right, at any time and from time to time, to extend an interest payment period to a period (herein called an "Extension Period") not exceeding 60 consecutive months, but in no event beyond the date of Stated Maturity or the Redemption Date of the Series A Junior Subordinated Debentures. During an Extension Period, interest will continue to accrue and compound monthly. Prior to the termination of any such Extension Period of less than 60 consecutive months, the Company may further extend the interest payment period, provided that such Extension Period may not exceed 60 consecutive months and may not extend beyond the date of Stated Maturity or the Redemption Date of the Series A Junior Subordinated Debentures. Upon the termination of any Extension Period and the payment of all accrued and unpaid interest (including any Additional Interest) then due, the Company may select a new Extension Period, subject to the above requirements. No interest will be due during an Extension Period until the end of such period. Such interest shall be due and payable on the Business Day next succeeding the last day of the Extension Period, unless such last day is an Interest Payment Date and, in that event, on such Interest Payment Date to the Person in whose name this Series A Junior Subordinated Debenture is registered on the Regular Record Date for such Business Day or Interest Payment Date.

Payment of the principal of and interest on this Series A Junior Subordinated Debenture will be made at the office or agency of the Company maintained for that purpose in New York, New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) subject to the procedures of the Paying Agent, by wire transfer in immediately available funds at such place and to such account as may be designated by the Person entitled thereto as specified in the Security Register.

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Reference is hereby made to the further provisions of the Indenture summarized on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Series A Junior Subordinated Debenture shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: _____, _____

AMERICAN GENERAL CORPORATION

By: _____
Name:
Title:

[SEAL]

Attest: _____

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TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

CHEMICAL BANK

As Trustee

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FORM OF REVERSE OF SERIES A JUNIOR SUBORDINATED DEBENTURE

This Debenture is one of a duly authorized issue of Securities of the Company, designated as its ____% Series A Convertible Junior Subordinated Debentures due _____, 2025 (herein called the "Series A Junior Subordinated Debentures"), limited in aggregate principal amount to \$_____ (or up to _____ aggregate principal amount if and to the extent the over-allotment option granted to the underwriters for the sale of the Series A Preferred Securities is exercised), issued and to be issued under an Indenture, dated as of _____ (herein called the "Indenture"), between the Company and Chemical Bank, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture). Reference is made to the Indenture and all indentures supplemental thereto for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Indebtedness and the Holders of the Series A Junior Subordinated Debentures and other series of Securities which may be issued pursuant to the Indenture and of the terms upon which the Securities are, and are to be, authenticated and delivered. All terms used in this Series A Junior Subordinated Debenture which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The indebtedness evidenced by this Series A Junior Subordinated Debenture, including all principal and interest (including Additional Interest), is, to the extent provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness, and this Security is issued subject to the provisions of the Indenture with respect thereto. The Holder of this Series A Junior Subordinated Debenture, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes.

If an Event of Default with respect to the Series A Junior Subordinated Debentures shall occur and be continuing, the principal of the Series A Junior Subordinated Debentures may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Series A Junior Subordinated

Debentures under the Indenture at any time by the Company and the Trustee with, in some cases, the consent of the Holders of a majority in aggregate principal amount of the Series A Junior Subordinated Debentures at the time Outstanding and, in other cases, without the consent of any Holders. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Series A Junior Subordinated Debentures, on behalf of the Holders of all Series A Junior Subordinated Debentures, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver shall be conclusive and binding upon such Holder and upon all future Holders of this Series A Junior Subordinated Debenture and of any Series A Junior Subordinated Debenture issued upon the registration of transfer

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hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent is made upon this Series A Junior Subordinated Debenture or thereon.

Subject to and in compliance with the provisions of the Indenture, the Series A Junior Subordinated Debentures are convertible at any time before the close of business on the Conversion Expiration Date or Conversion Expiration Date of the Series A Junior Subordinated Debentures at the option of the Holder into fully paid and nonassessable shares of American General Common Stock at an initial conversion price of \$_____ aggregate principal amount of Series A Junior Subordinated Debentures per share of American General Common Stock, subject to adjustment as provided for in the Indenture. Notwithstanding the conversion hereof after a Regular Record Date, the Holder will be entitled to receive the interest payable on this Series A Junior Subordinated Debenture with respect to the then current interest payment period on the next succeeding Interest Payment Date. No other adjustment, however, shall be made for accrued interest, including Additional Interest, whether or not in arrears. No fractional shares of American General Common Stock will be issued as a result of conversion, but in lieu thereof such fractional interest will be paid in cash by the Company.

If following the Conversion Expiration Date or Conversion Expiration Date of the Series A Junior Subordinated Debentures, less than 10% of the original aggregate principal amount of the Series A Junior Subordinated Debentures remains Outstanding, then such Series A Junior Subordinated Debentures shall be subject to redemption at the option of the Company upon not less than 30 days' nor more than 60 days' notice, at a Redemption Price equal to the unpaid principal amount thereof, plus accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

The Series A Junior Subordinated Debentures are also subject to

redemption, at the option of the Company, in whole or in part, at any time or from time to time on or after _____, 2003, at a redemption price equal to the unpaid principal amount thereof, plus accrued but unpaid interest (including any Additional Interest) to the Redemption Date.

In addition, if the Company or any of its Subsidiaries purchases Series A Preferred Securities by tender, in the open market or otherwise, the Company shall have the right to redeem the Series A Junior Subordinated Debentures, in an amount not to exceed the aggregate stated liquidation preference of the Series A Preferred Securities so purchased, together with any accrued and unpaid interest thereon (including any Additional Interest) to the Redemption Date. The Series A Junior Subordinated Debentures are also subject to redemption in certain other circumstances described in the Indenture.

Upon the occurrence of an Exchange Event, the Series A Junior Subordinated Debentures are exchangeable for Series A Cumulative Convertible Preferred Stock of the Company as provided under the terms of the Indenture.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Series A Junior Subordinated Debenture is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency

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of the Trustee in New York City, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Series A Junior Subordinated Debentures, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees provided, however, that, prior to a Series A Special Event Exchange, the Series A Junior Subordinated Debentures may not be transferred without the written consent of the Company.

The Series A Junior Subordinated Debentures are issuable only in registered form without coupons in denominations of \$50 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations set forth therein, Series A Junior Subordinated Debentures are exchangeable for a like aggregate principal amount of Series A Junior Subordinated Debentures of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Series A Junior Subordinated Debenture be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

No recourse shall be had for the payment of the principal of or interest (including Additional Interest, if any) on this Series A Junior Subordinated Debenture, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

TERMS OF THE _____ PREFERRED SECURITIES, SERIES A

DATED AS OF _____, 1995

WRITTEN ACTION OF THE MANAGING MEMBER
PURSUANT TO SECTION 7.1(b) OF THE AMENDED
AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
OF AMERICAN GENERAL CAPITAL, L.L.C.

The undersigned Managing Member of American General Capital, L.L.C., a Delaware limited liability company (the "Company"), pursuant to Section 7.1(b) of the Amended and Restated Limited Liability Company Agreement of the Company (the "Agreement") dated as of _____, 1995 by and among American General Corporation ("American General"), the Managing Member and the Persons who become Members of the Company in accordance with the provisions thereof, does hereby authorize the issue of, and establish the relative rights, powers, preferences, limitations and restrictions of, a series of Preferred Securities as follows:

1. Definitions. All terms defined in the Agreement and not otherwise defined herein shall have for purposes hereof the meanings provided for therein. The following additional terms have the respective meanings specified below:

"Additional Dividends" means the amount of dividends that is payable by the Company on any dividend arrearages in respect of the Series A Preferred Securities at the rate of ____% per annum compounded monthly.

"Book-Entry Interest" means a beneficial interest in the global certificates representing Series A Preferred Securities, ownership and transfers of which shall be made through the book-entry system of a Clearing Agency as described in Section 12.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

"Clearing Agency" means an organization registered as a "Clearing Agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, that is acting as depositary for the Series A Preferred Securities and in whose name (or nominee's name) shall be registered one or more global certificates representing Series A Preferred Securities and which shall undertake to effect book-entry transfers and pledges of interests in the Series A Preferred Securities.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of interests in securities deposited with the Clearing Agency.

"Dividend Payment Date" has the meaning set forth in Section 4(b) hereof.

"Guarantee" means the Guarantee Agreement dated as of _____, 1995, executed and delivered by American General for the benefit of the holders from time to time of the Series A Preferred Securities and other Preferred Securities of the Company, as amended from time to time.

"Holders" means the registered holders of the Series A Preferred Securities as they appear on the books and records of the Company.

"Investment Company Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the interpretation of any law or regulation by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that the Company or American General shall have received an opinion of nationally recognized independent legal counsel experienced in practice under the Investment Company Act of 1940, as amended (the "1940 Act"), that, as a result of such change, there exists more than an insubstantial risk that the Company is or will be considered an "investment company" which is required to be registered under the 1940 Act.

"Liquidation Distribution" has the meaning set forth in Section 7 hereof.

"Notice of Exchange" has the meaning set forth in Section 6(a) hereof.

"Notice of Redemption" has the meaning set forth in Section 6(a) hereof.

"NYSE" means the New York Stock Exchange, Inc.

"Redemption Price" has the meaning set forth in Section 5(a)

hereof.

"Securities Act" means the Securities Act of 1933, as amended.

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"Series A Debentures" means the \$_____ aggregate principal amount (or up to \$_____ aggregate principal amount if and to the extent the over-allotment option granted by the Company to the underwriters of the Series A Preferred Securities is exercised) of American General's ____% Series A Junior Subordinated Debentures due 2025 issued pursuant to the Indenture and sold by American General to the Company in connection with the issuance and sale by the Company of the Series A Preferred Securities.

"Series A Preferred Securities" has the meaning set forth in Section 2 hereof.

"Tax Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the interpretation of any law or regulation by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that the Company or American General shall have received an opinion of nationally recognized independent legal counsel experienced in such matters that, as a result of such change, there exists more than an insubstantial risk that (i) the Company will be subject to federal income tax with respect to the interest received on the Series A Debentures, (ii) American General will be precluded from deducting the interest paid on the Series A Debentures for federal income tax purposes or (iii) the Company will be subject to more than a de minimis amount of other taxes, duties or other governmental charges.

2. Designation. A total of _____ Preferred Securities, Series A (or up to _____ of a series of _____ Preferred Securities, Series A if and to the extent the over-allotment option granted by the Company to the related underwriters is exercised) with a liquidation preference of \$_____ per Preferred Security are hereby authorized and designated as "_____ Preferred Securities, Series A" (collectively, the "Series A Preferred Securities").

3. Voting. Except as otherwise provided in the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101, et seq., as amended, the

Agreement (including, without limitation, Section 8.1 thereof) or this Written Action, Preferred Members holding the Series A Preferred Securities shall have, with respect to such Series A Preferred Securities, no right or power to vote on any question or matter or in any proceeding or to be represented at, or to receive notice of, any meeting of Members.

4. Dividends. (a) The Holders shall be entitled to receive, when, as and if declared by the Company out of funds legally available therefor, cumulative cash dividends at a rate per annum of ____% of the liquidation preference of \$_____ per Series A Preferred Security. The amount of dividends payable for a full monthly dividend period shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each, and for any period shorter than a full monthly dividend period, shall be computed on the basis of the actual number of days elapsed in such period. Dividends shall accrue from

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_____, 1995, and shall be payable in United States dollars monthly in arrears on the last day of each calendar month of each year, commencing _____, 1995. Dividends shall accrue and be cumulative whether or not they have been earned or declared and whether or not there are funds of the Company legally available for the payment of dividends. Upon any dividend arrearages in respect of the Series A Preferred Securities, the Company shall declare and pay Additional Dividends in order to provide, in effect, monthly compounding on such dividend arrearages at a rate of ____% per annum compounded monthly and such Additional Dividends shall accumulate. In the event that any date on which dividends are payable on the Series A Preferred Securities is not a Business Day, then payment of the dividend payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

(b) Dividends on the Series A Preferred Securities must be declared monthly and be paid on the last day of each calendar month (each a "Dividend Payment Date") to the extent that the Company has, on such date, (x) funds legally available for the payment of such dividends and (y) cash on hand sufficient to make such payments, it being understood that to the extent that funds are not available to pay in full all accumulated and unpaid dividends, the Company may pay partial dividends to the extent of funds legally available therefor. For purposes of this Section 4(b), net interest and investment income from Eligible Investments shall be considered funds available for the payment of dividends; provided, however, that the principal amount of Eligible Investments shall not be available as distributions as dividends or otherwise

except in connection with a Liquidation Distribution pursuant to Section 15.4 of the Agreement. Dividends will be payable to the Holders as of the relevant record dates, which, if and so long as the Series A Preferred Securities are represented by one or more global certificates through the book-entry system of a Clearing Agency, will be one Business Day prior to the related Dividend Payment Dates. In the event that the Series A Preferred Securities shall not continue to be so represented, the Managing Member shall have the right to select relevant record dates that are more than one Business Day prior to the related Dividend Payment Dates. In addition, if American General has extended an interest payment period with respect to the Series A Debentures pursuant to the Indenture, thereby resulting in the deferral of the payment of dividends on the Series A Preferred Securities, the Managing Member shall notify the Holders in writing as to such extended interest payment period no later than the last date on which notice would be required to be given to the NYSE of the related record date or Dividend Payment Date.

5. Redemption and Exchange. (a) Upon repayment by American General of the principal of the Series A Debentures at stated maturity, earlier redemption or otherwise, including as a result of the acceleration of the Series A Debentures upon the occurrence of an Event of Default under the Indenture with respect to the Series A Debentures, the Series A Preferred Securities shall be subject to mandatory redemption, in whole but not in part, by the Company, and the proceeds from such repayment shall be applied to redeem the Series A Preferred Securities at a cash redemption price equal to the liquidation

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preference for such Series A Preferred Securities plus accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, to the date fixed for redemption thereof (the "Redemption Price") (unless such proceeds are used to fund the aggregate Liquidation Distributions on the Series A Preferred Securities in connection with the liquidation, dissolution or winding-up of the Company). In case of such repayment, the Series A Preferred Securities will be redeemed only when repayment of the Series A Debentures has actually been received by the Company. Notwithstanding the foregoing, the Series A Preferred Securities will not be so redeemed if (i) in lieu of repaying the Series A Debentures at stated maturity or date of earlier redemption, American General is permitted by the Company to exchange the Series A Debentures for new Debentures or (ii) American General repays the Series A Debentures at stated maturity or date of earlier redemption but is permitted by the Company to reborrow the proceeds from such repayment which reborrowing will be evidenced by new Debentures; provided, however, that the Company may only permit American General to so exchange the Series A Debentures for new Debentures or reborrow the proceeds from the repayment thereof if the Company owns all of the Series A Debentures and the following conditions are

satisfied (which satisfaction, in the case of clauses (f) through (j), shall be determined in the judgment of the Managing Member and the Company's financial advisor (which will be selected by the Managing Member, unaffiliated with American General and among the 30 largest investment banking firms, measured by total capital, in the United States at the time of the proposed issuance of the new Debentures that would evidence the new loan to be made in connection with such exchange or reborrowing)): (a) American General is not bankrupt, insolvent or in liquidation, (b) American General is not in default in the payment of any interest (including Additional Interest, as defined in the Indenture) or principal in respect of any securities issued under the Indenture, (c) American General has made timely payments on the Series A Debentures for the immediately preceding 24 months (and has not elected to extend any interest payment period of the Series A Debentures during such 24-month period), (d) such new Debentures will mature no later than the earlier (1) the 49th anniversary of the date of the initial issuance of the Series A Debentures and (2) the 30th anniversary of the date such new Debentures are issued, (e) the Company is not in arrears in the payment of any dividends (including Additional Dividends) on the Series A Preferred Securities, (f) American General is expected to be able to make timely payment of principal of and interest on such new Debentures, (g) the issuance of such new Debentures is being made on terms, and under circumstances, that are consistent with those which a lender would then require for a loan to an unrelated party, (h) the interest rate on such new Debentures is sufficient to provide payments equal to or greater than the amount of dividend payments required under the Series A Preferred Securities, (i) the terms of such new Debentures are consistent with market circumstances and American General's financial condition and (j) immediately prior to the issuance of such new Debentures, the senior unsecured long-term debt of American General is (or, if no such debt is outstanding, would be) rated not less than BBB (or the equivalent) by S&P and Baa2 (or the equivalent) by Moody's and the subordinated unsecured long-term debt of American General (or, if more than one issue of such subordinated debt is outstanding, the most junior of such issues) is (or, if no such debt is outstanding, would be) rated not less than BBB- (or the equivalent) by S&P and Baa3 by Moody's (or, if either of such rating organizations is not then rating American General's senior or subordinated unsecured long-term debt, as the case may be,

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then, in lieu of the rating organization no longer rating American General's senior or subordinated unsecured long-term debt, the equivalent of such ratings by any other "nationally recognized statistical rating organization," as that term is defined by the Securities and Exchange Commission for purposes of Rule 436(g)(2) under the Securities Act).

(b) The Series A Preferred Securities shall be redeemable

at the option of the Company (subject to the prior consent of American General), in whole or in part from time to time, on or after _____, 200__ at the Redemption Price. The Company may not redeem the Series A Preferred Securities in part unless all accumulated and unpaid dividends (whether or not earned or declared), including any Additional Dividends, have been paid in full on all Series A Preferred Securities for all monthly dividend periods terminating on or prior to the date of redemption. American General shall have the right to cause the Company to exercise such redemption option.

(c) At any time after the occurrence of a Tax Event or an Investment Company Event, the Company (subject to the prior consent of American General) may, either (i) redeem, in whole but not in part, the Series A Preferred Securities at the Redemption Price or (ii) exchange, in whole but not in part, the Series A Preferred Securities for Series A Debentures having an aggregate principal amount and accrued and unpaid interest equal to the Redemption Price. Upon any such exchange, American General will use its best efforts to have the Series A Debentures listed on the NYSE or, if the Series A Preferred Securities are not then listed on the NYSE, such other exchange on which the Series A Preferred Securities may then be listed. American General shall have the right to cause the Company to exercise its right to effect any such exchange for Series A Debentures.

(d) Subject to applicable law, American General or its subsidiaries may at any time and from time to time purchase outstanding Series A Preferred Securities by tender, in the open market or otherwise.

6. Redemption and Exchange Procedures. (a) Notice of any redemption (optional or mandatory) of the Series A Preferred Securities (a "Notice of Redemption") and notice of any exchange of the Series A Preferred Securities for Series A Debentures (a "Notice of Exchange") shall be irrevocable and shall be given by the Company by mail not fewer than 30 nor more than 60 calendar days prior to the date fixed for redemption or exchange thereof to American General and (i) with respect to a Notice of Redemption, to each Holder of Series A Preferred Securities that are being redeemed and (ii) with respect to a Notice of Exchange, to each Holder of Series A Preferred Securities. For purposes of the calculation of the date of redemption or exchange and the dates on which notices are given pursuant to this Section 6(a), a Notice of Redemption or Notice of Exchange shall be deemed to be given on the day such notice is first mailed by first-class mail, postage prepaid, to each appropriate Holder of Series A Preferred Securities. A Notice of Redemption or Notice of Exchange shall be addressed to each appropriate Holder of Series A Preferred Securities at the address of such Holder appearing in the books and records of the Company. If all of the Series A Preferred Securities are represented by

Book-Entry Interests, Notices of Redemption or Notices of Exchange shall be sent to the Clearing Agency. No defect in the Notice of Redemption or Notice of Exchange or in the mailing thereof with respect to any Series A Preferred Security shall affect the validity of the redemption or exchange proceedings with respect to any other Series A Preferred Security.

(b) If the Company issues a Notice of Redemption, then, by 12:00 noon, New York time, on the date fixed for redemption, American General will repay to the Company an aggregate principal amount of the Series A Debentures, which, together with accrued and unpaid interest thereon, will be an amount sufficient to pay the Redemption Price for the Series A Preferred Securities to be redeemed. If the Series A Preferred Securities are represented by Book-Entry Interests, the Company shall irrevocably deposit such funds on the date fixed for redemption with the Clearing Agency and give the Clearing Agency irrevocable instructions and authority to pay the Redemption Price to the Holders of the Series A Preferred Securities to be redeemed, and if the Series A Preferred Securities are not represented by Book-Entry Interests, the Company shall irrevocably deposit such funds with the paying agent for the Series A Preferred Securities and give such paying agent such irrevocable instructions and authority to pay the Redemption Price to the Holders of the Series A Preferred Securities to be redeemed. If a Notice of Redemption shall have been given and funds irrevocably deposited as required, then immediately prior to the close of business on the date of such deposit, all rights of the Holders of such Series A Preferred Securities so called for redemption will cease, except the right of such Holders to receive the Redemption Price, but without additional interest from and after such redemption date. In the event that any date fixed for redemption of Series A Preferred Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day. In the event that payment of the Redemption Price is improperly withheld or refused and not paid either by the Company or by American General (pursuant to the Guarantee), dividends on the Series A Preferred Securities called for redemption (including any Additional Dividends) will continue to accumulate at the then applicable rate, from the original redemption date to the date that the Redemption Price is actually paid and the Holders of such Series A Preferred Securities may exercise all of their rights as Holders thereof.

(c) If the Company issues a Notice of Exchange, then following the date fixed for the exchange of Series A Preferred Securities for Series A Debentures (as set forth in the Notice of Exchange), (i) the Series A Preferred Securities will no longer be deemed to be outstanding, (ii) certificates representing Series A Debentures will be issued to holders of certificates representing Series A Preferred Securities, upon surrender of such certificates to the Company or its agent for exchange, (iii) any certificates representing Series A Preferred Securities not so surrendered for exchange will be deemed to represent Series A Debentures having a principal amount and accrued and unpaid interest equal to the Redemption Price of such Series A

Preferred Securities until such certificates are so surrendered (and until such certificates are so surrendered, no payments of interest or principal will be made with respect to such Series A Debentures) and (iv) all rights of

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Holders of Series A Preferred Securities will cease, except the right of such Holders to receive Series A Debentures upon surrender of certificates representing Series A Preferred Securities.

7. Liquidation Rights. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company (other than in connection with the exchange of the Series A Preferred Securities for the Series A Debentures as set forth in Section 5(c)), the Holders of Series A Preferred Securities then outstanding will be entitled to receive out of the net assets of the Company (including any Eligible Investments or amounts deposited in the Eligible Investment Account) legally available for distribution to Members after satisfaction of liabilities of creditors as required by the Delaware Act but before any distribution of assets is made with respect to any Interest in the Company ranking junior to the Series A Preferred Securities as to the distribution of assets upon such liquidation, dissolution or winding-up, but together with Preferred Members holding Preferred Securities or any other Interests in the Company then outstanding ranking pari passu with the Series A Preferred Securities as to the distribution of assets upon such liquidation, dissolution or winding-up, an amount equal to the aggregate of the liquidation preference of \$_____ per Series A Preferred Security plus all accumulated and unpaid Dividends (whether or not earned or declared), including any Additional Dividends, to the date of payment (the "Liquidation Distribution"). A merger, consolidation, replacement, conveyance, transfer or lease in accordance with the provisions of Section 2.8 of the Agreement shall not be deemed to be a liquidation, dissolution or winding-up of the Company for purposes of this Section 7.

8. Sinking Fund. The Series A Preferred Securities shall not be subject to the operation of a retirement or sinking fund.

9. Guarantee of Liabilities. It shall be a condition precedent to the issuance of the Series A Preferred Securities that American General execute and deliver to the Company the Guarantee, the Indenture and the Series A Debentures.

10. Book-Entry-Only Issuance. (a) The Depository Trust Company, New York, New York ("DTC"), will initially act as the Clearing Agency. The Series A Preferred Securities will be issued only as fully-registered securities and will be initially registered in the name of Cede & Co. (DTC's partnership nominee).

(b) Redemption notices shall be sent to Cede & Co. or any successor thereof. If less than all of the Series A Preferred Securities are being redeemed, such securities shall be redeemed in accordance with DTC's then current practice.

(c) DTC may discontinue providing its services as Clearing Agency with respect to the Series A Preferred Securities by giving reasonable notice to the Company as provided in the agreement between the Company and DTC. Under such circumstances, if a successor Clearing Agency is not obtained, the Company at its expense shall cause certificates for Series A Preferred Securities to be printed and delivered as promptly as practicable. If an Event of Default occurs under the Indenture with respect to the Series A Debentures or if the Company (with the consent of American General) decides to

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discontinue use of the system of book-entry transfers through DTC (or a successor Clearing Agency), the Company at its expense shall cause certificates for Series A Preferred Securities to be printed and delivered to the beneficial owners of the Series A Preferred Securities as promptly as practicable.

(d) In the event that the Series A Preferred Securities do not remain in book-entry-only form, the following provisions will apply:

(i) Registration of transfers of Series A Preferred Securities will be effected without charge by or on behalf of the Company, but upon payment (and/or the giving of such indemnity as the Company or the Managing Member may require) in respect of any tax or other governmental charges which may be imposed in connection therewith.

(ii) Exchanges of Series A Preferred Securities for Series A Debentures will be effected without charge by or on behalf of the Company, but upon payment (and/or the giving of such indemnity as the Company or the Managing Member may require) in respect of any tax or other governmental charges which may be imposed in connection with the issuance of any Series A Debenture in the name of any person other than the Holder of the Series A Preferred Security for which the Series A Debenture is being exchanged or for any reason other than such exchange.

(iii) The Company will not be required to register or cause to be registered the transfer of Series A Preferred Securities after such Series A Preferred Securities have been called for redemption or exchange.

11. Registrar and Transfer Agent. The Company hereby appoints Chemical Mellon Shareholder Services, LLC as its initial registrar, transfer agent and paying agent for the Series A Preferred Securities. The Company may at any time designate an additional or substitute registrar, transfer agent and paying agent for the Series A Preferred Securities.

12. Governing Law. This Written Action shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflict of laws thereof.

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IN WITNESS WHEREOF, the undersigned Managing Member of the Company has hereto set its hand as of the day and year first above written.

AMERICAN GENERAL DELAWARE
MANAGEMENT CORPORATION

By: _____
Name:
Title:

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AMERICAN GENERAL CORPORATION

RESOLUTIONS RELATING TO _____% SERIES A JUNIOR SUBORDINATED DEBENTURES
ADOPTED BY THE TERMS COMMITTEE

WHEREAS, American General Capital, L.L.C., a Delaware limited liability company ("American General Capital"), proposes to issue its _____ Preferred Securities, Series A (collectively, the "Capital Series A Preferred Securities") and use the proceeds from the sale of the Capital Series A Preferred Securities to purchase junior subordinated debentures of the Company; and

WHEREAS, this Committee desires to establish the terms of such junior subordinated debentures pursuant to Section 301 of the Indenture, [dated] [to be dated] as of _____, 1995 (the "Indenture"), between the Company and Chemical Bank, as Trustee;

Now, therefore, be it:

RESOLVED, that, upon receipt of the purchase price therefor, the Company shall issue, sell and deliver a series of its junior subordinated debentures pursuant to the Indenture.

RESOLVED, that the title, principal amount, interest rate, redemption provisions, and other terms of such debentures to be fixed pursuant to Section 301 of the Indenture shall be as follows (capitalized terms appearing below that are defined in the Indenture, but not defined herein, having the meanings ascribed to them in the Indenture):

1. TITLE. Each of such debentures shall be designated as " % Series A Junior Subordinated Debenture" (collectively, the "Subordinated Debentures") and each such Subordinated Debenture shall be included in the series of Securities so designated.

2. PRINCIPAL AMOUNT. The aggregate principal amount of the Subordinated Debentures which may be authenticated and delivered pursuant to these resolutions shall be limited to \$ _____ or, if and to the extent that the underwriters underwriting the sale of the Capital Series A Preferred Securities exercise their overallotment option with respect thereto, then such aggregate principal amount of Subordinated Debentures shall be up to \$ _____ (except, in each case, for Subordinated Debentures authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Subordinated Debentures pursuant to Section 304, 305, 306, 907 or 1107 of the Indenture).

3. MATURITY DATE. The principal of the Subordinated Debentures shall be payable (together with any accrued and unpaid interest thereon, including Additional Interest, as defined in Section 6, if any) on the earlier of (a) _____, 2025 (subject to the Company's right to exchange the Subordinated Debentures for new Securities or to redeem or repay the Subordinated Debentures and reborrow the proceeds from such redemption or repayment upon the terms and subject to the conditions set forth in Section 11), or (b) the date upon which American General

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Capital is liquidated, dissolved or wound-up; provided, however, that, if all the Capital Series A Preferred Securities are exchanged for Subordinated Debentures (a "Capital Special Event Exchange") in the manner set forth in Section 5(c)(ii) of the Written Action, dated _____, 1995 (the "Capital Written Action"), of the Managing Member of American General Capital establishing the Capital Series A Preferred Securities, then (i) the Subordinated Debentures will mature on the date set forth in clause (a), notwithstanding that American General Capital may have liquidated, dissolved or wound-up in connection with or after such Capital Special Event Exchange and (ii) the Subordinated Debentures will not thereafter be subject to an election by the Company pursuant to Section 11 hereof to exchange the Subordinated Debentures for new Securities or to redeem or repay the Subordinated Debentures and reborrow the proceeds from such redemption or repayment.

4. INTEREST RATE; INTEREST PAYMENT DATES. The Subordinated Debentures shall bear interest at the rate of _____ % per annum; interest shall accrue from _____, 1995 or from the most recent Interest Payment Date to which interest has been paid or duly provided for; the Interest Payment Dates on which such interest shall be payable shall be the last day of each calendar month of each year, commencing _____, 1995, until the principal is paid in full or such payment is duly provided for; and the Regular Record Date for the interest payable upon any such Interest Payment Date shall be the Business Day next preceding such Interest Payment Date; provided, however, that if the Subordinated Debentures are not in book-entry-only form during any period following a Capital Special Event Exchange, the Regular Record Date for any Interest Payment Date within such period shall be the fifteenth day of the month in which such Interest Payment Date occurs.

5. EXTENSION OF AN INTEREST PAYMENT PERIOD. The Company shall have the right, at any time and from time to time during the term of the Subordinated Debentures, to extend the interest payment period to a period ending on the last day of a calendar month (an "Extension Period") not exceeding 60 consecutive months, but in no event beyond the date of Stated Maturity or the Redemption Date of the Subordinated Debentures. During an Extension Period, interest will continue to accrue and compound monthly in the manner set forth in Section 6 below. Prior to the termination of any Extension Period of less than 60 consecutive months, the Company may further extend the interest payment period, provided that such Extension Period may not exceed 60 consecutive months and may not extend beyond the date of Stated Maturity or the Redemption Date of the Subordinated Debentures. Upon the termination of any

Extension Period and the payment of all accrued and unpaid interest (including Additional Interest) then due, the Company may select a new Extension Period, subject to the above requirements. No interest shall be due during an Extension Period until the end of such period. Such interest shall be due and payable on the Interest Payment Date which is the last day of the Extension Period. The Regular Record Date for the interest payable on such Interest Payment Date shall be the Business Day next preceding such Interest Payment Date, provided that if the Subordinated Debentures are not in book-entry-only form during any period following a Capital Special Event Exchange, the Regular Record Date for such payment shall be the 15th day of the month in which such Interest Payment Date occurs.

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At any time prior to a Capital Special Event Exchange and if any Capital Series A Preferred Securities are then outstanding, the Company shall give American General Capital notice of its selection of an Extension Period at least one Business Day prior to the earlier of (i) the date that dividends on the Capital Series A Preferred Securities are payable or (ii) the date on which American General Capital is required to give notice of the record or payment date of any dividend payable on the Capital Series A Preferred Securities to the New York Stock Exchange ("NYSE") or other applicable self-regulatory organization or to holders of the Capital Series A Preferred Securities, but in any event not less than one Business Day prior to such record date. After any Capital Special Event Exchange, the Company shall give the holders of the Subordinated Debentures notice of its selection of an Extension Period not less than two Business Days prior to the Regular Record Date for the first Interest Payment Date for which such Extension Period will be effective. In each case, the Company shall give the Trustee notice of its selection of an Extension Period not later than the Business Day such notice is required to be given to American General Capital or the Holders of the Subordinated Debentures, as the case may be, pursuant to the preceding provisions of this paragraph.

Notice of the Company's extension of an Extension Period shall be given prior to the then scheduled end of such Extension Period in a manner similar to the notice given in connection with the selection of an Extension Period.

6. ADDITIONAL INTEREST. Interest shall accrue at the rate of ____% per annum on any interest on the Subordinated Debentures that is not paid during an Extension Period. Such interest shall compound monthly. The Company shall pay such interest, to the fullest extent permitted by applicable law, on the Interest Payment Date which is the last day of the Extension Period. Additionally, if at any time prior to a Capital Special Event Exchange, American General Capital shall be required to pay, with respect to the income it derives from the interest payments on the Subordinated Debentures, any

amounts for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed by the United States (other than withholding taxes), or any other taxing authority, then, in any such case, the Company shall pay, to the fullest extent permitted by applicable law, as additional interest such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received and retained by American General Capital with respect to interest payments on the Subordinated Debentures, after the payment of such taxes, duties, assessments or governmental charges (including such taxes, duties, assessments or governmental charges payable with respect to additional sums payable pursuant to this sentence), shall result in American General Capital's having such funds as it would have had in the absence of the payment of such taxes, duties, assessments or governmental charges. Such Additional Amounts shall be payable when the related interest payment on the Subordinated Debentures is due except that, if the existence or applicability of such taxes, duties, assessments or governmental charges is not known by the Company at the time of such interest payment, then on the Interest Payment Date immediately preceding the date on which American General Capital proposes to pay such taxes, duties, assessments or charges. The amounts of interest payable to effect monthly compounding on the Subordinated Debentures pursuant to the first three sentences of this Section 6, together with any such Additional Amounts, are referred to herein as "Additional Interest."

In addition to the Additional Interest, the Company shall be required to pay interest, at a rate borne by the Subordinated Debentures, on any principal or premium that is not paid when due and, to the extent that payment of such interest is lawful, interest on overdue installments of interest (which shall not include interest not paid because of an extension of an interest payment period).

7. PLACE OF PAYMENT. The Trustee is hereby appointed as the initial sole Paying Agent for the Subordinated Debentures. The principal of and interest (including any Additional Interest) on the Subordinated Debentures shall be payable at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York; provided, however, that, at the option of the Company, payment of interest may be made (a) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (b) subject to the procedures of the Paying Agent, by wire transfer in immediately available funds at such place and to such account as may be designated by the Person entitled thereto as specified in the Security Register.

8. SPECIAL EVENT REDEMPTION. At any time after the occurrence of a Tax Event or an Investment Company Event (each as hereafter defined and each constituting a "Capital Special Event") and prior to a Capital Special Event

Exchange, the Subordinated Debentures shall be subject to redemption, at the option of the Company, in whole but not in part, at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

"Tax Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the interpretation of any law or regulation by any legislative body, court governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that American General Capital or the Company shall have received an opinion of nationally recognized independent legal counsel experienced in such matters that, as a result of such change, there exists more than an insubstantial risk that (i) American General Capital will be subject to federal income tax with respect to the interest received on the Subordinated Debentures, (ii) the Company will be precluded from deducting the interest paid on the Subordinated Debentures for federal income tax purposes or (iii) American General Capital will be subject to more than a de minimis amount of other taxes, duties or other governmental charges.

"Investment Company Event" means that a change in any applicable United States law or regulation or in the interpretation thereof (including but not limited to the enactment or imminent enactment of any legislation, the publication of any judicial decisions, regulatory rulings, regulatory procedures, or notices or announcements (including notices or announcements of intent to adopt such procedures or regulations), or a change in the official position or the

interpretation of any law or regulation by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such change is made known) shall have occurred after _____, 1995, and that American General Capital or the Company shall have received an opinion of nationally recognized independent legal counsel experienced in practice under the Investment Company Act of 1940, as amended (the "1940 Act"), that, as a result of such change, there exists more than an insubstantial risk that American General Capital is or will be considered an "investment company" which is required to be registered under the 1940 Act.

9. MANDATORY REDEMPTION.

(a) If, prior to a Capital Special Event Exchange, American General Capital redeems any Capital Series A Preferred Securities in accordance with the terms thereof, then the Subordinated Debentures shall be due and payable and shall be redeemed by the Company in an aggregate principal amount equal to the aggregate stated liquidation preference of the Capital Series A Preferred Securities so redeemed at a Redemption Price equal to the unpaid principal amount of the Subordinated Debentures so redeemed, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date. Any redemption pursuant to this Section shall be made prior to 12:00 noon, New York time, on the date of such redemption of the Capital Series A Preferred Securities (or at such other time on such earlier date as the Company and American General Capital shall agree).

(b) In the case of a redemption pursuant to this Section 9, the Company shall,, at least one Business Day prior to the Redemption Date, notify the Trustee of such Redemption Date and of the principal amount of the Subordinated Debentures to be redeemed. If the related redemption of Capital Series A Preferred Securities does not occur, then such redemption of the Subordinated Debentures shall be of no force and effect, notwithstanding the giving of such notice of redemption.

10. OPTIONAL REDEMPTION.

(a) The Subordinated Debentures shall be subject to redemption, at the option of the Company, in whole or in part, at any time or from time to time on or after _____, 200__ at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

(b) If, prior to a Capital Special Event Exchange, the Company or any of its Subsidiaries purchases any Capital Series A Preferred Securities by tender, in the open market or otherwise, then the Subordinated Debentures shall be subject to redemption, at the option of the Company, in an aggregate principal amount not to exceed the aggregate stated liquidation preference of the Capital Series A Preferred Securities so purchased, at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

(c) At any time after the occurrence of a Capital Special Event and prior to a Capital Special Event Exchange, the Subordinated Debentures shall be subject to redemption, at the option of the Company, in whole but not

in part, at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

(d) If at any time prior to a Capital Special Event Exchange the Company is, or in the opinion of nationally recognized independent legal counsel would be, required to pay Additional Interest with respect to the Subordinated Debentures (other than Additional Interest required in order to provide for monthly compounding on the Subordinated Debentures), then the Company shall have the right to redeem the Subordinated Debentures, in whole but not in part (except to the extent provided in the next sentence), at a Redemption Price equal to the unpaid principal amount thereof, without premium or penalty, plus any accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

11. REBORROWING OR EXCHANGE.

(a) Notwithstanding the provisions of Sections 3, 8, 9 and 10, prior to a Capital Special Event Exchange, the Company may, with American General Capital's consent, (i) in lieu of repaying the Subordinated Debentures when due (either at Stated Maturity, earlier redemption or otherwise, but excluding any payment due resulting from the acceleration of the maturity of the Subordinated Debentures upon the occurrence of an Event of Default under the Indenture with respect to the Subordinated Debentures), or optionally redeeming the Subordinated Debentures, exchange such Subordinated Debentures for new Securities with an equal aggregate principal amount or (ii) if the Company repays such Subordinated Debentures when due or optionally redeems such Subordinated Debentures, reborrow from American General Capital the proceeds from such repayment or redemption, which reborrowing shall be evidenced by new Securities; provided, however, that the Company may not so exchange the Subordinated Debentures for new Securities or reborrow the proceeds from the repayment or redemption thereof unless American General Capital owns all of such Subordinated Debentures and the following conditions are satisfied (which satisfaction, in the case of clauses (6) through (10), shall be determined in the judgment of the Managing Member of American General Capital and American General Capital's financial advisor selected by such Managing Member and who shall be unaffiliated with the Company and shall be among the 30 largest investment banking firms, measured by total capital, in the United States at the time of the issuance of the new Securities that will evidence the new loan to be made in connection with such exchange or reborrowing):

(1) the Company is not bankrupt, insolvent or in liquidation,

(2) the Company is not in default in the payment of any interest (including Additional Interest) or principal in respect of any Securities under the Indenture,

(3) the Company has made timely payments on the Subordinated Debentures for the immediately preceding 24 months (and has not elected to extend any interest payment period of the Subordinated Debentures during such 24-month period),

(4) such new Securities will mature no later than the earlier of (A) the 49th anniversary of the date of the initial issuance of the Subordinated Debentures and (B) the 30th anniversary of the date such new Securities are issued,

(5) American General Capital is not in arrears in the payment of any dividends (including Additional Dividends) on the Capital Series A Preferred Securities,

(6) the Company is expected to be able to make timely payment of the principal of and the interest on such new Securities,

(7) the issuance of such new Securities is being made on terms, and under circumstances, that are consistent with those which a lender would then require for a loan to an unrelated party,

(8) the interest rate on such new Securities is sufficient to provide payments equal to or greater than the amount of dividend payments required under the Capital Series A Preferred Securities,

(9) the terms of such new Securities are consistent with market circumstances and the Company's financial condition, and

(10) immediately prior to the issuance of such new Securities, the senior unsecured long-term debt of the Company is (or, if no such debt is outstanding, would be) rated not less than BBB (or the equivalent) by Standard & Poor's Corporation and Baa2 (or the equivalent) by Moody's Investors Service, inc. and the subordinated unsecured long-term debt of the Company (or, if more than one issue of such subordinated debt is outstanding, the most junior of such issues) is (or, if no such debt is outstanding, would be) rated not less than BBB- (or the equivalent) by Standard & Poor's Corporation and Baa3 by Moody's Investors Service, Inc. (or, if either of such rating organizations is not then rating the Company's senior or subordinated unsecured long-term debt, as the case may be, the equivalent of such ratings by any other "nationally recognized statistical rating organization," as that term is defined by the Securities and Exchange Commission for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended).

(b) If the Company elects to exercise its option to exchange new

Securities for Subordinated Debentures pursuant to clause (i) of Section 11(a), then, no later than _____ Business Days prior to the Stated Maturity or Redemption Date of the Subordinated Debentures to be exchanged (or, if such exchange is to be made in lieu of an optional redemption, then no later than _____ Business Days before the proposed date of exchange), the Company shall deliver

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a notice stating that it elects to exercise such option to the Trustee and to American General Capital. If the Company desires to reborrow the proceeds of the repayment or redemption of the Subordinated Debentures pursuant to clause (ii) of Section 11(a), then the Company will deliver a notice stating that desire to the Trustee and American General Capital at any time before or after such repayment or redemption. The Company shall specify in each such notice the date (the "Refunding Date") on which an exchange or reborrowing is to occur and each such notice shall be accompanied by an Officer's Certificate stating that the conditions to such exchange or reborrowing contained in this Section 11 have been satisfied. If American General Capital consents to such exchange or reborrowing (as evidenced by a notice to the Company and the Trustee to that effect), then the Company shall, on or prior to the Refunding Date, furnish to the Trustee a Company Order for the authentication and delivery of the Securities which are to be issued in exchange for the Subordinated Debentures or which are to evidence the reborrowing, together with (i) the Securities which are to be authenticated, (ii) the Board Resolutions and Officers' Certificate or supplemental indenture or other instrument with respect to such Securities referred to in Sections 201 and 301 of the Indenture, and (iii) if required by the Trustee, the Opinion of Counsel and other documents referred to in clauses (1), (2) and (3) of Section 303 of the Indenture.

(c) In the case of an exchange of new Securities for the Subordinated Debentures pursuant to clause (i) of Section 11(a), on the Refunding Date, the Company shall deliver the new Securities, authenticated by the Trustee or an authenticating Agent, to American General Capital in exchange for the Subordinated Debentures held by American General Capital. Such Subordinated Debentures shall be cancelled by the Trustee and, on the Refunding Date, all rights of American General Capital, as Holder of the Subordinated Debentures, shall cease.

12. CERTAIN PROVISION APPLICABLE AFTER A CAPITAL SPECIAL EVENT EXCHANGE.

(a) If, immediately prior to any Capital Special Event Exchange, the Capital Series A Preferred Securities are represented by one or more global securities held by The Depository Trust Company ("DTC") or any successor securities depository or their respective nominees, then (a) DTC or such

successor shall act as (and is hereby appointed) the Depository for the Subordinated Debentures, and (b) the Subordinated Debentures exchanged for the Capital Series A Preferred Securities upon such Capital Special Event Exchange shall be represented by one or more global Subordinated Debentures registered in the name of DTC or such successor securities depository or their respective nominees.

(b) After the date fixed for a Capital Special Event Exchange, any certificates representing Capital Series A Preferred Securities not held by DTC or any successor securities depository or their respective nominees and not surrendered for exchange shall be deemed to represent Subordinated Debentures having a principal amount and accrued and unpaid interest equal to the liquidation preference plus accrued and unpaid dividends of such Capital Series A Preferred Securities until such certificates are surrendered to the agent named in the Capital Written Action for exchange in accordance with the terms of the Capital Special Event

Exchange. Notwithstanding the foregoing, until such certificates are so surrendered, no payments of interest or principal will be made with respect to such Subordinated Debentures.

13. LISTING. If the Capital Series A Preferred Securities are listed on the NYSE or another national securities exchange at the time of the distribution of the Subordinated Debentures pursuant to a Capital Special Event Exchange, then, prior to such distribution, the Company shall use its best efforts to cause the Subordinated Debentures to be listed on the NYSE or such other exchange on which the Capital Series A Preferred Securities are then listed.

14. REGISTRAR. The Subordinated Debentures may be surrendered for registration of transfer or exchange at the Corporate Trust Office of the Trustee and any notices or demands at or upon the Company in respect of the Subordinated Debentures and the Indenture may be presented at that office.

15. FORM. The certificates evidencing the Subordinated Debentures shall be substantially in the form attached hereto as Annex A, with such changes as the officer executing the same shall approve, such approval to be evidenced by such officer's manual or facsimile signature.

16. TRANSFERABILITY. Prior to a Capital Special Event Exchange, the Subordinated Debentures may not be transferred by American General Capital without the Company's prior consent. The Subordinated Debentures may be distributed to the holders of the Capital Series A Preferred Securities upon the occurrence of a Tax Event or an Investment Company Event only upon the

written consent of, the Company.

17. DENOMINATION. The Subordinated Debentures shall be issuable in denominations of \$25 and any integral multiple thereof.

FORM OF FACE OF SUBORDINATED DEBENTURE

AMERICAN GENERAL CORPORATION

_____% Series A Junior Subordinated Debenture

No. _____

\$ _____

American General Corporation, a corporation duly organized and existing under the laws of the State of Texas (herein called the "Company", which term includes any successor under the Indenture referred to on the reverse side), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars on the earlier of (i) _____, 2025 (subject to the Company's right to exchange this Subordinated Debenture for a new Security or reborrow the proceeds from the repayment of this Subordinated Debenture upon the terms and subject to the conditions set forth in the Indenture) or (ii) the date upon which American General Capital, L.L.C., a Delaware limited liability company (herein called "American General Capital"), is liquidated, dissolved or wound-up; provided, however, that (i) if all the _____ Preferred Securities, Series A, of American General Capital (herein called the "Capital Series A Preferred Securities") are exchanged (herein called a "Capital Special Event Exchange") for the Subordinated Debentures (as defined on the reverse side) in accordance with terms of the Capital Series A Preferred Securities, this Subordinated Debenture will mature on _____, 2025, notwithstanding that American General Capital may have liquidated, dissolved or wound-up in connection with or after such Capital Special Event Exchange, and (ii) the Subordinated Debentures will not thereafter be subject to an election by the Company to exchange the Subordinated Debentures for new Securities or to redeem or repay the Subordinated Debentures and reborrow the proceeds from such redemption or repayment. The Company also agrees to pay interest on the principal hereof at the rate of _____% per annum from _____, 1995, (or

from the most recent Interest Payment Date, as hereinafter defined, to which interest has been paid or duly provided for) payable monthly in arrears on the last day of each calendar month of each year (each an "Interest Payment Date"), commencing _____, 1995, until the principal hereof is paid or made available for payment. To the fullest extent permitted by applicable law, interest will accrue at the rate of ____% per annum on any interest installment that is not paid at the end of any monthly interest period, compounded monthly (herein, together with the Additional Amounts referred to in the Indenture, called "Additional Interest"). The amount of interest payable for any period will be computed on the basis of a 360 day year consisting of twelve 30-day months and, for any period shorter than a full monthly interest payment period, will be computed on the basis of the actual number of days elapsed in such period. If any date on which interest is payable on this Subordinated Debenture is not a

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Business Day, then the payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. A "Business Day" shall mean any day other than a Saturday, Sunday or other day on which banking institutions in New York City are authorized or obligated by law or executive order to close. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Subordinated Debenture (or one or more Predecessor Securities, as defined in the Indenture) is registered at the close of business on the Regular Record Date for such Interest Payment Date. The Regular Record Date shall be the Business Day next preceding such Interest Payment Date, provided that if the Subordinated Debentures are not in book-entry-only form during any period following a Capital Special Event Exchange, the Regular Record Date for any Interest Payment Date within such period shall be the 15th day of the month in which such Interest Payment Date occurs. Any such interest not so punctually paid or duly provided for (other than by reason of the following paragraph) will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Subordinated Debenture (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in such Indenture.

The Company shall have the right, at any time and from time to time,

to extend an interest payment period to a period ending on the last day of a calendar month (herein called an "Extension Period") not exceeding 60 consecutive months, but in no event beyond the date of Stated Maturity or the Redemption Date of the Subordinated Debentures. During an Extension Period, interest will continue to accrue and compound monthly. Prior to the termination of any such Extension Period of less than 60 consecutive months, the Company may further extend the interest payment period, provided that such Extension Period may not exceed 60 consecutive months and may not extend beyond the date of Stated Maturity or the Redemption Date of the Subordinated Debentures. Upon the termination of any Extension Period and the payment of all accrued and unpaid interest (including any Additional Interest) then due, the Company may select a new Extension Period, subject to the above requirements. No interest will be due during an Extension Period until the end of such period. Such interest shall be due and payable on the Interest Payment Date which is the last day of the Extension Period, to the Person in whose name this Subordinated Debenture is registered on the Regular Record Date for such Interest Payment Date.

Payment of the principal of and interest on this Subordinated Debenture will be made at the office or agency of the Company maintained for that purpose in _____, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) subject to the procedures of

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the Paying Agent, by wire transfer in immediately available funds at such place and to such account as may be designated by the Person entitled thereto as specified in the Security Register.

Reference is hereby made to the further provisions of the Indenture summarized on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

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Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Subordinated Debenture shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: _____, _____, _____

AMERICAN GENERAL CORPORATION

By: _____
Name:
Title:

[SEAL]

Attest: _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

CHEMICAL BANK
As Trustee

By: _____
Authorized Officer

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This Subordinated Debenture is one of a duly authorized issue of Securities of the Company, designated as its ____% Series A Junior Subordinated Debentures (herein called the "Subordinated Debentures"), limited in aggregate principal amount to \$_____ (or up to _____ aggregate principal amount if and to the extent that the over-allotment option granted to the underwriters for the sale of the Capital Series A Preferred Securities is exercised), issued and to be issued under an Indenture, dated as of _____ (herein called the "Indenture"), between the Company and Chemical Bank, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture). Reference is made to the Indenture and all indentures supplemental thereto for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee, the holders of Senior Indebtedness and the Holders of the Subordinated Debentures and other series of Securities which may be issued pursuant to the Indenture and of the terms upon which the Securities are, and are to be, authenticated and delivered. All terms used in this Subordinated Debenture which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The indebtedness evidenced by this Subordinated Debenture, including all principal and interest (including Additional Interest), is, to the extent provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness, and this Subordinated Debenture is issued subject to the provisions of the Indenture with respect thereto. The Holder of this Subordinated Debenture, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes.

If an Event of Default with respect to the Subordinated Debentures shall occur and be continuing, the principal of the Subordinated Debentures may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Subordinated Debentures under the Indenture at any time by the Company and the Trustee with, in some cases, the consent of the Holders of a majority in aggregate principal amount of the Subordinated Debentures at the time Outstanding and, in other cases, without the consent of any Holders. This Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Subordinated Debentures, on behalf of the Holders of all Subordinated Debentures, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver shall be conclusive and binding upon the Holder of this Subordinated Debenture and upon all future Holders of this Subordinated Debenture and of any Subordinated Debenture issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent is made upon this Subordinated Debenture or thereon.

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The Subordinated Debentures are subject to redemption, at the option of the Company, in whole or in part, at any time or from time to time on or after _____, 2003, at a Redemption Price equal to the unpaid principal amount thereof, plus accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date. If American General Capital redeems the Capital Series A Preferred Securities in accordance with the terms thereof, the Subordinated Debentures shall be subject to redemption in a principal amount equal to the aggregate stated liquidation preference of the Capital Series A Preferred Securities so redeemed, plus accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date.

The Company also has the right to redeem the Subordinated Debentures, in whole, at a Redemption Price equal to the principal amount thereof, plus any accrued and unpaid interest (including any Additional Interest) if a Tax Event or Investment Company Event, as defined in the Indenture, shall have occurred. If at any time prior to a Capital Special Event Exchange the Company is, or in the opinion of nationally recognized independent legal counsel would be, required to pay Additional Interest with respect to the Subordinated Debentures (other than Additional Interest required in order to provide for monthly compounding on the Subordinated Debentures), the Company shall have the right to redeem the Subordinated Debentures, in whole but not in part (except to the extent provided in the next sentence), at a Redemption Price equal to the unpaid principal amount thereof, plus accrued and unpaid interest (including any Additional Interest) thereon to the Redemption Date. Notwithstanding the preceding sentence, if the Company is, or would be, required to pay Additional Interest as a consequence of American General Capital's being required to pay Additional Amounts, then the Company may only redeem Subordinated Debentures in an aggregate principal amount not to exceed the aggregate liquidation preference of the Capital Series A Preferred Securities with respect to which such Additional Amounts are required to be paid.

In addition, if the Company or any of its Subsidiaries purchases Capital Series A Preferred Securities by tender, in the open market or otherwise, the Company shall have the right to redeem the Subordinated Debentures, in an amount not to exceed the aggregate stated liquidation preference of the Capital Series A Preferred Securities so purchased, at a Redemption Price equal to the principal amount thereof, plus any accrued and unpaid interest (including any Additional Interest) thereon. This Subordinated Debenture is also subject to redemption in certain other circumstances described in the Indenture.

Notwithstanding any other provision of this Subordinated Debenture, prior to a Capital Special Event resulting in an exchange of Capital Series A

Preferred Securities for Subordinated Debentures, the Company may, with American General Capital's consent and if the conditions stated in the Indenture have been satisfied, (i) in lieu of repaying the Subordinated Debentures when due (either at Stated Maturity, earlier redemption or otherwise, but excluding any payment due as a result of the acceleration of the Subordinated Debentures upon the occurrence of an Event of Default under the Indenture with respect to the Subordinated Debentures), or optionally redeeming the Subordinated Debentures, exchange such Subordinated Debentures for new Securities issued under the Indenture with an equal aggregate principal amount or (ii) if the Company repays such Subordinated Debentures when due or optionally redeems such

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Subordinated Debentures, reborrow the proceeds from such repayment or redemption, which reborrowing shall be evidenced by new Securities.

As provided in the Indenture and subject to certain limitations set forth therein, the transfer of this Subordinated Debenture is registrable in the Security Register, upon surrender of this Subordinated Debenture for registration of transfer at the office or agency of the Trustee in New York City, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Subordinated Debentures, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees; provided, however, that prior to a Capital Special Event Exchange, the Subordinated Debentures may not be transferred without the written consent of the Company.

The Subordinated Debentures are issuable only in registered form without coupons in denominations of \$_____ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations set forth therein, Subordinated Debentures are exchangeable for a like aggregate principal amount of Subordinated Debentures of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Subordinated Debenture is registered as the owner hereof for all purposes, whether or not this Subordinated Debenture be overdue, and neither the Company, the Trustee nor any such agent shall be

affected by notice to the contrary.

No recourse shall be had for the payment of the principal of or interest (including Additional Interest, if any) on this Subordinated Debenture, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

Certificate
Number
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Number of
Shares
00,000,000

CUSIP NO.

CERTIFICATE EVIDENCING LIMITED LIABILITY COMPANY INTERESTS

___% CONVERTIBLE MONTHLY INCOME PREFERRED SECURITIES, SERIES A
OF
AMERICAN GENERAL DELAWARE, L.L.C.

American General Delaware, L.L.C., a Delaware limited liability company (the "Company"), hereby certifies that Cede & Co. (the "Holder") is the registered owner of 0,000,000 preferred limited liability company interests in the Company of a series designated the ___% Convertible Monthly Income Preferred Securities, Series A (the "Securities"). The Securities are fully paid and nonassessable limited liability company interests in the Company, as to which the members of the Company who hold the Securities (the "Preferred Securityholders") in their capacity as members of the Company will have no liability solely by reason of being Preferred Securityholders in excess of their share of the Company's assets and undistributed profits (subject to the obligation of a Preferred Securityholder to repay any funds wrongfully distributed to it), and are transferable on the books and records of the Company, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The powers, preferences and special rights and restrictions of the Securities are set forth in, and this Certificate and the Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Limited Liability Company Agreement of the Company, dated as of _____, 1995, as the same may be amended from time to time (the "Limited Liability Company Agreement") and the written action of the Managing Member of the Company authorizing the issuance of the Securities and determining the powers, preferences and special rights and restrictions, regarding dividends, voting, redemption, conversion, exchange, liquidation and otherwise, and other matters relating to the Securities (the "Securities Terms"), copies of which Limited Liability Company Agreement and Securities Terms are on file at the principal office of the Company. The Company will furnish a copy of such Limited Liability Company Agreement and Securities Terms to each Preferred Securityholder without charge upon written request to the Company at its principal place of business or registered office, as the case may be. Each Preferred Securityholder is entitled to the benefits of the Guarantee Agreement of American General Corporation ("American General") dated

_____, 1995 (the "Guarantee") to the extent provided therein and is entitled to enforce the rights of the Company under the ____% Series A Convertible Junior Subordinated Debentures due 2025 (the "Debentures") issued by American General to the Company pursuant to the Indenture dated _____, 1995 between American General and Chemical Bank, as trustee (the "Indenture"), to the extent provided therein. The Company will furnish a copy of such

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Guarantee and Indenture to each Preferred Securityholder without charge upon written request to the Company at its principal place of business.

Each Preferred Securityholder, by accepting this Certificate, is deemed to have agreed that (i) the Debentures are subordinate and junior in right of payment to all Senior Indebtedness (as defined in the Indenture) as and to the extent provided in the Indenture, (ii) the Guarantee is subordinate and junior in right of payment to all liabilities of American General other than the guarantees referred to in clauses (iii) and (iv) below, (iii) the Guarantee is pari passu with the most senior preferred stock issued by American General and with any other guarantee executed by American General in respect of any preferred stock or interest of any affiliate of American General that provides that such guarantee is pari passu in right of payment with the Guarantee and (iv) the Guarantee is senior to American General Common Stock and any other class or series of capital stock issued by American General which by its express terms ranks junior to the most senior preferred stock issued by American General as to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding-up of American General and any guarantee executed by American General that provides that such guarantee is junior in right of payment to the Guarantee.

IN WITNESS WHEREOF, this certificate has been signed on behalf of the Company by a duly authorized officer of its Managing Member and on behalf of American General, as Guarantor, by a duly authorized officer thereof.

AMERICAN GENERAL DELAWARE, L.L.C.

BY AMERICAN GENERAL DELAWARE
MANAGEMENT CORPORATION,
AS MANAGING MEMBER

By: _____

AMERICAN GENERAL CORPORATION,
AS GUARANTOR

By: _____

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Certificate
Number
1

Number of
Shares
00,000,000

CUSIP NO.

CERTIFICATE EVIDENCING LIMITED LIABILITY COMPANY INTERESTS

____% CUMULATIVE MONTHLY INCOME PREFERRED SECURITIES, SERIES A
OF
AMERICAN GENERAL CAPITAL, L.L.C.

American General Capital, L.L.C., a Delaware limited liability company (the "Company"), hereby certifies that Cede & Co. (the "Holder") is the registered owner of 0,000,000 preferred limited liability company interests in the Company of a series designated the ____% Cumulative Monthly Income Preferred Securities, Series A (the "Securities"). The Securities are fully paid and nonassessable limited liability company interests in the Company, as to which the members of the Company who hold the Securities (the "Preferred Securityholders") in their capacity as members of the Company will have no liability solely by reason of being Preferred Securityholders in excess of their share of the Company's assets and undistributed profits (subject to the obligation of a Preferred Securityholder to repay any funds wrongfully distributed to it), and are transferable on the books and records of the Company, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The powers, preferences and special rights and restrictions of the Securities are set forth in, and this Certificate and the Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Limited Liability Company Agreement of the Company, dated as of _____, 1995, as the same may be amended from time to time (the "Limited Liability Company Agreement") and the written action of the Managing Member of the Company authorizing the issuance of the Securities and determining the powers, preferences and special rights and restrictions, regarding dividends, voting, redemption, conversion, exchange, liquidation and otherwise, and other matters relating to the Securities (the "Securities Terms"), copies of which Limited Liability Company Agreement and Securities Terms are on file at the principal office of the Company. The Company will furnish a copy of such Limited Liability Company Agreement and Securities Terms to each Preferred Securityholder without charge upon written request to the Company at its principal place of business or registered office, as the case may be. Each Preferred Securityholder is entitled to the benefits of the Guarantee Agreement of American General Corporation ("American General") dated

_____, 1995 (the "Guarantee") to the extent provided therein and is entitled to enforce the rights of the Company under the ____% Series A Junior Subordinated Debentures due 2025 (the "Debentures") issued by American General to the Company pursuant to the Indenture dated _____, 1995 between American General and Chemical Bank, as trustee (the "Indenture"), to the extent provided therein. The Company will furnish a copy of such

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Guarantee and Indenture to each Preferred Securityholder without charge upon written request to the Company at its principal place of business.

Each Preferred Securityholder, by accepting this Certificate, is deemed to have agreed that (i) the Debentures are subordinate and junior in right of payment to all Senior Indebtedness (as defined in the Indenture) as and to the extent provided in the Indenture, (ii) the Guarantee is subordinate and junior in right of payment to all liabilities of American General other than the guarantees referred to in clauses (iii) and (iv) below, (iii) the Guarantee is pari passu with the most senior preferred stock issued by American General and with any other guarantee executed by American General in respect of any preferred stock or interest of any affiliate of American General that provides that such guarantee is pari passu in right of payment with the Guarantee and (iv) the Guarantee is senior to American General Common Stock and any other class or series of capital stock issued by American General which by its express terms ranks junior to the most senior preferred stock issued by American General as to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding-up of American General and any guarantee executed by American General that provides that such guarantee is junior in right of payment to the Guarantee.

IN WITNESS WHEREOF, this certificate has been signed on behalf of the Company by a duly authorized officer of its Managing Member and on behalf of American General, as Guarantor, by a duly authorized officer thereof.

AMERICAN GENERAL CAPITAL, L.L.C.

BY AMERICAN GENERAL DELAWARE
MANAGEMENT CORPORATION,
AS MANAGING MEMBER

By: _____

AMERICAN GENERAL CORPORATION,
AS GUARANTOR

By: _____

EXHIBIT 12

RATIO OF EARNINGS TO FIXED CHARGES AND

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES

AND PREFERRED STOCK DIVIDENDS

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,					
	PRO FORMA					
(IN MILLIONS, EXCEPT RATIOS)	1994 (A)	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Consolidated operations:						
Income before income tax expense, accounting changes, and preferred stock dividends.....	\$ 940	\$ 802 (b)	\$ 602 (c)	\$ 775	\$ 678	\$ 836
Fixed charges deducted from income						
Interest expense						
Consolidated.....	584	526	483	508	565	607
Relating to real estate operations.....	-	-	5	8	3	1
Implicit interest in rents.....	16	16	15	13	13	12
Preferred dividend of wholly-owned subsidiary.....	-	-	-	-	-	6
	-----	-----	-----	-----	-----	-----
Total fixed charges deducted from income.....	600	542	503	529	581	626
	-----	-----	-----	-----	-----	-----
Earnings available for fixed charges.....	\$ 1,540	\$ 1,344	\$ 1,105	\$ 1,304	\$ 1,259	\$ 1,462
	=====	=====	=====	=====	=====	=====
Fixed charges per above.....	\$ 600	\$ 542	\$ 503	\$ 529	\$ 581	\$ 626
Capitalized interest relating to real estate operations.....	18	18	15	21	31	39
	-----	-----	-----	-----	-----	-----
Total fixed charges.....	618	560	518	550	612	665
Preferred stock dividends.....	14	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
Total fixed charges and preferred stock dividends.....	\$ 632	\$ 560	\$ 518	\$ 550	\$ 612	\$ 665
	=====	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges.....	2.5	2.4	2.1	2.4	2.1	2.2
	=====	=====	=====	=====	=====	=====
Ratio of earnings to combined fixed charges and preferred stock dividends.....	2.4					
	=====					
Consolidated operations, corporate fixed charges and preferred stock dividends only:						
Income before income tax expense, accounting changes, and preferred stock dividends.....	\$ 940	\$ 802 (b)	\$ 602 (c)	\$ 775	\$ 678	\$ 836
Corporate fixed charges deducted from income						
Corporate interest expense.....	179	121	121	126	140	191
	-----	-----	-----	-----	-----	-----
Earnings available for fixed charges.....	\$ 1,119	\$ 923	\$ 723	\$ 901	\$ 818	\$ 1,027
	=====	=====	=====	=====	=====	=====
Total corporate fixed charges per above.....	\$ 179	\$ 121	\$ 121	\$ 126	\$ 140	\$ 191
Preferred stock dividends.....	14	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
Total fixed charges and preferred stock dividends.....	\$ 193	\$ 121	\$ 121	\$ 126	\$ 140	\$ 192
	=====	=====	=====	=====	=====	=====
Ratio of earnings to corporate fixed charges.....	6.2	7.6	6.0	7.2	5.8	5.3
	=====	=====	=====	=====	=====	=====
Ratio of earnings to combined corporate fixed charges and preferred stock dividends....	5.6					
	=====					
American General Finance, Inc.:						
Income before income tax expense, accounting changes, and preferred stock dividends.....	\$ 392	\$ 392	\$ 337	\$ 250	\$ 208	\$ 191
Fixed charges deducted from income						
Interest expense.....	416	416	380	398	440	452
Implicit interest in rents.....	11	11	10	9	9	9
Preferred dividend of wholly-owned subsidiary.....	-	-	-	-	-	6

Total fixed charges deducted from income.....	427	427	390	407	449	467
Earnings available for fixed charges.....	\$ 819	\$ 819	\$ 727	\$ 657	\$ 657	\$ 658
Ratio of earnings to fixed charges.....	1.9	1.9	1.9	1.6	1.5	1.4

</TABLE>

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- (a) Assuming the American Franklin Company ("AFC") and Western National Corporation acquisitions and the proposed AFC permanent financing had been effective as of January 1, 1994. See American General's Current Report on Form 8-K dated May 9, 1995 incorporated herein by reference.
- (b) Includes net realized investment losses of \$114 million primarily due to the capital gains offset program. See "Significant Events -- Capital Gains Offset Program" within Item 7 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.
- (c) Includes \$300 million write-down of goodwill. See "Significant Events -- 1993 Significant Events" within Item 7 and Note 1.7 within Item 8 of American General's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 incorporated herein by reference.

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EXHIBIT 12.1

RATIO OF EARNINGS TO FIXED CHARGES AND

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES

AND PREFERRED STOCK DIVIDENDS

<TABLE>
<CAPTION>

(IN MILLIONS, EXCEPT RATIOS)	THREE MONTHS ENDED MARCH 31,		
	PRO FORMA 1995 (A)	1995	1994
<S>	<C>	<C>	<C>
Consolidated operations:			
Income before income tax expense and preferred stock dividends.....	\$ 282	\$ 272 (b)	\$ 253
Fixed charges deducted from income			
Interest expense			
Consolidated.....	167	164	121
Relating to real estate operations.....	1	1	(1)
Implicit interest in rents.....	4	4	4
Total fixed charges deducted from income.....	172	169	124
Earnings available for fixed charges.....	\$ 454	\$ 441	\$ 377
Fixed charges per above.....	\$ 172	\$ 169	\$ 124
Capitalized interest relating to real estate operations.....	5	5	4
Total fixed charges.....	177	174	128
Preferred stock dividends.....	4	-	-
Total fixed charges and preferred stock dividends.....	\$ 181	\$ 174	\$ 128
Ratio of earnings to fixed charges.....	2.6	2.5	3.0

Ratio of earnings to combined fixed charges and preferred stock dividends.....	2.5		
	=====		
Consolidated operations, corporate fixed charges and preferred stock dividends only:			
Income before income tax expense and preferred stock dividends.....	\$ 282	\$ 272 (b)	\$ 253
Corporate fixed charges deducted from income			
Corporate interest expense.....	45	42	31
	-----	-----	-----
Earnings available for fixed charges.....	\$ 327	\$ 314	\$ 284
	=====	=====	=====
Total corporate fixed charges per above.....	\$ 45	\$ 42	\$ 31
Preferred stock dividends.....	4	-	-
	-----	-----	-----
Total fixed charges and preferred stock dividends.....	\$ 49	\$ 42	\$ 31
	=====	=====	=====
Ratio of earnings to corporate fixed charges.....	7.3	7.6	9.3
	=====	=====	=====
Ratio of earnings to combined corporate fixed charges and preferred stock dividends.....	6.4		
	=====		
American General Finance, Inc.:			
Income before income tax expense.....	\$ 96	\$ 96	\$ 86
Fixed charges deducted from income			
Interest expense.....	125	125	93
Implicit interest in rents.....	3	3	3
	-----	-----	-----
Total fixed charges.....	128	128	96
	-----	-----	-----
Earnings available for fixed charges.....	\$ 224	\$ 224	\$ 182
	=====	=====	=====
Ratio of earnings to fixed charges.....	1.8	1.8	1.9
	=====	=====	=====

</TABLE>

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(a) Assuming the AFC acquisition and proposed permanent financing had been effective as of January 1, 1994. See American General's Current Report on Form 8-K dated May 9, 1995 incorporated herein by reference.

(b) Includes two months of operations for AFC, which was acquired January 31, 1995.

CONSENT OF INDEPENDENT AUDITOR

We consent to the reference to our firm under the caption "Experts" in Amendment No. 3 to the Registration Statement on Form S-3 (Registration Nos. 33-58317, 33-58317-01 and 33-58317-02) and related Prospectus and Prospectus Supplements of American General Corporation, American General Delaware, L.L.C. and American General Capital, L.L.C. for the registration of \$1,250,000,000 of securities and to the incorporation by reference therein of our reports dated February 15, 1995, with respect to the consolidated financial statements and schedules of American General Corporation included or incorporated by reference in its Annual Report (Form 10-K) for the year ended December 31, 1994, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Houston, Texas
May 8, 1995

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in Amendment No. 3 to the Registration Statement on Form S-3 (Registration Nos. 33-58317, 33-58317-01 and 33-58317-02) (the "Registration Statement") of American General Corporation, American General Delaware, L.L.C. and American General Capital, L.L.C. of our report, which includes an explanatory paragraph for certain changes in accounting principles, dated February 1, 1994, except for Note 13 as to which the date is January 30, 1995, on our audit of the consolidated financial statements of American Franklin Company and Subsidiaries as of December 31, 1993, and for the year then ended, which report is included in the Form 8-K of American General Corporation dated February 14, 1995, and of our report, which includes an explanatory paragraph for certain changes in accounting principles, dated February 1, 1995, on our audits of the consolidated financial statements of American Franklin Company and Subsidiaries as of December 31, 1994 and 1993, and for the years ended December 31, 1994 and 1993, which report is included in the Form 8-K of American General Corporation dated April 14, 1995. We also consent to the references to our Firm under the caption "Experts" in the Registration Statement.

COOPERS & LYBRAND L.L.P.

Chicago, Illinois
May 8, 1995