

AMERICAN INTERNATIONAL GROUP INC
Form DEF 14A
April 04, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

American International Group, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

AMERICAN INTERNATIONAL GROUP, INC.
70 Pine Street, New York, N.Y. 10270

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 14, 2008**

April 4, 2008

To the Shareholders of
AMERICAN INTERNATIONAL GROUP, INC.:

The Annual Meeting of Shareholders of AMERICAN INTERNATIONAL GROUP, INC. (AIG) will be held at the offices of AIG at 72 Wall Street, Eighth Floor, New York, New York, on May 14, 2008, at 11:00 a.m., for the following purposes:

1. To elect 13 directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;
2. To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2008;
3. To act upon a shareholder proposal relating to the human right to water;
4. To act upon a shareholder proposal relating to the reporting of political contributions; and
5. To transact any other business that may properly come before the meeting.

Shareholders of record at the close of business on March 28, 2008 will be entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 14, 2008. The Proxy Statement, Annual Report to Shareholders and other Soliciting Material are available in the Investor Information section of AIG's corporate website at www.aigcorporate.com.

By Order of the Board of Directors
KATHLEEN E. SHANNON
Secretary

If you plan on attending the meeting, please remember to bring photo identification with you. If you cannot be present at the meeting, please sign the enclosed proxy card and return it at once in the accompanying postage prepaid envelope or vote your shares by telephone or through the Internet.

AMERICAN INTERNATIONAL GROUP, INC.
70 Pine Street, New York, N.Y. 10270

PROXY STATEMENT

April 4, 2008

TIME AND DATE	11:00 a.m. on Wednesday, May 14, 2008.
PLACE	72 Wall Street, Eighth Floor, New York, New York 10270
ITEMS OF BUSINESS	<p>To elect 13 directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified.</p> <p>To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2008.</p> <p>To act upon a shareholder proposal relating to the human right to water.</p> <p>To act upon a shareholder proposal relating to the reporting of political contributions.</p> <p>To transact any other business that may properly come before the meeting.</p>
RECORD DATE	You can vote if you were a shareholder of record at the close of business on March 28, 2008.
MAILING DATE	These materials are being mailed to shareholders of AIG commencing on or about April 4, 2008.
INSPECTION OF LIST OF SHAREHOLDERS OF RECORD	A list of the shareholders of record as of March 28, 2008 will be available for inspection during ordinary business hours during the ten days prior to the meeting at AIG's offices, 70 Pine Street, New York, New York 10270.
ADDITIONAL INFORMATION	Additional information regarding the matters to be acted on at the meeting is included in the accompanying proxy materials.
PROXY VOTING	PLEASE SUBMIT YOUR PROXY THROUGH THE INTERNET OR BY TELEPHONE OR MARK, SIGN, DATE AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE.

TABLE OF CONTENTS

	Page
<u>VOTING INSTRUCTIONS AND INFORMATION</u>	3
<u>ELECTION OF DIRECTORS</u>	7
<u>CORPORATE GOVERNANCE</u>	10
<u>Governance</u>	10
<u>Report of the Nominating and Corporate Governance Committee</u>	11
<u>Committees</u>	13
<u>Compensation of Directors</u>	16
<u>Compensation and Management Resources Committee Interlocks and Insider Participation</u>	18
<u>OWNERSHIP OF CERTAIN SECURITIES</u>	19
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	21
<u>RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS</u>	21
<u>EXECUTIVE COMPENSATION</u>	22
<u>Compensation and Management Resources Committee Report</u>	22
<u>Compensation Discussion and Analysis</u>	22
<u>2007 Compensation</u>	34
<u>Exercises and Holdings of Previously Awarded Equity</u>	39
<u>Post-Employment Compensation</u>	42
<u>Potential Payments on Termination</u>	47
<u>REPORT OF AUDIT COMMITTEE AND RATIFICATION OF SELECTION OF ACCOUNTANTS</u>	52
<u>Report of the Audit Committee</u>	52
<u>Ratification of Selection of PricewaterhouseCoopers LLP</u>	54
<u>Fees Paid to PricewaterhouseCoopers LLP</u>	55
<u>SHAREHOLDER PROPOSAL Human Right to Water</u>	57
<u>Shareholder Proposal</u>	57
<u>AIG Statement in Opposition</u>	57
<u>SHAREHOLDER PROPOSAL Political Contributions</u>	58
<u>Shareholder Proposal</u>	58
<u>AIG Statement in Opposition</u>	59
<u>OTHER MATTERS</u>	60
<u>Other Matters to be Presented at the 2008 Annual Meeting</u>	60
<u>Shareholder Proposals for 2009 Annual Meeting</u>	60
<u>Incorporation by Reference</u>	60
<u>Important Notice Regarding Delivery of Shareholder Documents</u>	60
<u>Proxy Solicitation</u>	60
<u>CORPORATE GOVERNANCE GUIDELINES</u>	A-1

VOTING INSTRUCTIONS AND INFORMATION

The enclosed proxy is solicited on behalf of the Board of Directors (Board of Directors or Board) of American International Group, Inc., a Delaware corporation (AIG), for use at the AIG Annual Meeting, to be held on May 14, 2008, or at any adjournment thereof (Annual Meeting). These proxy materials are being mailed to shareholders of AIG commencing on or about April 4, 2008.

Who can vote at the Annual Meeting?

You are entitled to vote or direct the voting of your shares of AIG common stock, par value \$2.50 per share (AIG Common Stock), if you were a shareholder of record at the close of business on March 28, 2008. On that date, 2,495,810,587 shares of AIG Common Stock (exclusive of shares held by AIG and certain subsidiaries) were outstanding, held by 55,886 shareholders of record. You may cast one vote for each share of AIG Common Stock held by you on the record date.

What proposals will be voted on at the Annual Meeting?

There are two proposals from AIG to be considered and voted on at the Annual Meeting:

1. To elect 13 directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified; and
2. To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2008.

In addition, there are two proposals from shareholders to be considered and voted on at the Annual Meeting:

3. To act upon a shareholder proposal relating to the human right to water; and
4. To act upon a shareholder proposal relating to the reporting of political contributions.

You may also vote on any other business that properly comes before the Annual Meeting.

How does the Board of Directors recommend I vote?

AIG's Board of Directors unanimously recommends that you vote:

1. **FOR** each of the nominees to the Board of Directors.
2. **FOR** ratification of the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2008.
3. **AGAINST** the shareholder proposal relating to the human right to water.
4. **AGAINST** the shareholder proposal relating to the reporting of political contributions.

Who is a shareholder of record?

During the ten days prior to the Annual Meeting, a list of the shareholders will be available for inspection at the offices of AIG at 70 Pine Street, New York, New York 10270.

If you hold AIG Common Stock that is registered in your name on the records of AIG maintained by AIG's transfer agent, Wells Fargo Shareowner Services, you are a

shareholder
of record.

If you hold
AIG
Common
Stock
indirectly
through a
broker, bank
or similar
institution,
you are not
a
shareholder
of record,
but instead
hold in
street name.

If you are a shareholder of record, these proxy materials are being sent to you directly. If you hold shares in street name, these materials are being sent to you by the bank, broker or similar institution through which you hold your shares.

What do I need to attend the Annual Meeting?

If you plan on attending the Annual Meeting, please remember to bring photo identification with you, such as a driver's license.

In addition, if you hold shares in street name and would like to attend the Annual Meeting, you should bring an account statement or other acceptable evidence of ownership of AIG Common Stock as of the close of

business on March 28, 2008, the record date for voting. In order to vote at the Annual Meeting, you will also need a valid legal proxy, which you can obtain by contacting your account representative at the broker, bank or similar institution through which you hold your shares. See How do I vote?

How do I vote?

You may cast your vote in one of four ways:

By Internet. Go to the following website:
www.eproxy.com/aig.
Internet voting is available 24 hours a day. Enter the information requested on your computer screen and follow the simple instructions. If you choose to vote by Internet, then you do not need to return the proxy card. To be valid, your vote by Internet must be received by 11:59 a.m., Eastern Daylight Saving Time, on May 13, 2008. Please have your proxy card and the last four digits of your Social Security number or tax identification number available.

By Telephone. To vote using the telephone (within U.S. and Canada), call toll free 1-800-560-1965 in the United States or Canada any time on a touch tone telephone. Telephone voting is available 24 hours a day, 7 days a week. There is NO CHARGE to you for the call. Follow the

simple instructions provided by the recorded message. If you choose to vote by telephone, then you do not need to return the proxy card. To be valid, your vote by telephone must be received by 11:59 a.m., Eastern Daylight Saving Time, on May 13, 2008.

By Mail. Mark the enclosed proxy card, sign and date it, and return it in the pre-paid envelope that has been provided. To be valid, your vote by mail must be received by 10:00 a.m., Eastern Daylight Saving Time, on May 14, 2008.

At the Annual Meeting. You can vote your shares in person at the Annual Meeting (see [What do I need to attend the Annual Meeting?](#)). If you are a shareholder of record, in order to vote at the Annual Meeting, you must present an acceptable form of identification, such as a driver's license. If you hold your shares in street name, you must obtain a legal proxy, as described above, under [What do I need to attend the Annual Meeting?](#) , and bring that proxy to the Annual Meeting.

How can I revoke my proxy or substitute a new proxy or change my vote?

You can revoke your proxy or substitute a new proxy by:

For a Proxy Submitted by Internet or Telephone

Subsequently submitting in a timely manner a new proxy through the Internet or by telephone; or

Executing and mailing a later-dated proxy card that is received by AIG prior to 10:00 a.m., Eastern Daylight Saving Time, on May 14, 2008; or

Voting in person at the Annual Meeting.

For a Proxy Submitted by Mail

Subsequently executing and mailing another proxy card bearing a later date; or

Giving written notice of revocation to AIG's Secretary at 70 Pine Street, New

York, NY
10270 that is
received by
AIG prior to
10:00 a.m.,
Eastern
Daylight
Saving Time,
on May 14,
2008; or

Voting in
person at the
Annual
Meeting.

If I submit a proxy by Internet, telephone or mail, how will my shares be voted?

If you properly submit your proxy by one of these methods, and you do not subsequently revoke your proxy, your shares will be voted in accordance with your instructions.

If you sign, date and return your proxy card but do not give voting instructions, your shares will be voted as follows: FOR the election of AIG's director nominees, FOR the ratification of the appointment of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2008, AGAINST each of the shareholder proposals and otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting.

If I hold my shares in street name and do not provide voting instructions, can my broker still vote my shares?

Under the rules of the New York Stock Exchange (NYSE), brokers that have not received voting instructions from their customers ten days prior to the Annual Meeting date may vote their customers' shares in the brokers' discretion on the proposals regarding the election of directors and the ratification of the appointment of independent auditors because these are considered discretionary under NYSE rules. If your broker is an affiliate of AIG, NYSE policy specifies that, in the absence of your specific voting instructions, your shares may only be voted in the same proportion as all other shares are voted with respect to each proposal.

Under NYSE rules, each of the shareholder proposals is a non-discretionary item, which means that member brokers who have not received instructions from the beneficial owners of AIG Common Stock do not have discretion to vote the shares of AIG Common Stock held by those beneficial owners on such proposal.

How are votes counted?

Election of Directors. AIG's By-laws provide that in uncontested elections, directors must receive a majority of the votes cast. In other words, directors in an uncontested election must receive more votes for their election than against their election. In a contested election, a director will be elected by a plurality of the votes cast. Pursuant to AIG's Corporate Governance Guidelines, each nominee for director has submitted to the Board an irrevocable resignation from the Board that would become effective upon (1) the failure of such nominee to receive the required vote at the Annual Meeting and (2) Board acceptance of such resignation. In the event that a director nominee fails to receive the required vote at the Annual Meeting, the Nominating and Corporate Governance Committee will then make a recommendation to the Board on the action to be taken with respect to the resignation. The Board will accept such resignation unless the Committee recommends and the Board determines that the best interests of AIG and its shareholders would not be served by doing so.

Ratification of the selection of PricewaterhouseCoopers LLP as AIG's Independent Registered Public Accounting Firm. Ratification of the selection of accountants requires that a majority of the votes cast vote for ratification. Neither AIG's Restated Certificate of Incorporation nor AIG's By-laws require that the shareholders ratify the selection of PricewaterhouseCoopers LLP as its independent registered public accounting firm. AIG's Board is requesting shareholder ratification as a matter of good corporate practice. If the shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP, but may still retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such change would be in the best interests of AIG and its shareholders.

Shareholder Proposal. Approval of a shareholder proposal requires a for vote by a majority of the outstanding shares of AIG Common Stock.

Broker Non-Votes. Because directors are elected by a majority of the votes cast, an abstention or broker non-vote will have no effect on the election, although a director who receives more votes against than for his or her election will be required to resign, subject to the process described above under Election of Directors.

In the case of ratification of the appointment of PricewaterhouseCoopers LLP, only votes cast for or against the ratification will be considered; abstentions, broker non-votes and withheld votes will not be treated as a vote for or against the ratification and therefore will have no effect on the vote. Because the affirmative vote of a majority of the outstanding shares of AIG Common Stock is necessary to approve each shareholder proposal, an abstention, broker non-vote or withheld vote will have the effect of a vote against such proposal.

How many votes are required to transact business at the Annual Meeting?

A quorum is required to transact business at the Annual Meeting. The holders of a majority of the outstanding shares of AIG Common Stock will constitute a quorum.

Proxies marked as abstaining, and any proxies returned by brokers as non-votes on behalf of shares held in street name because beneficial owners' discretion has been withheld as to one or more matters on the agenda for the Annual Meeting, will be treated as present for purposes of determining a quorum for the Annual Meeting.

How do I obtain more information about AIG?

A copy of AIG's 2007 Annual Report to Shareholders, which includes AIG's Annual Report on Form 10-K for the year ended December 31, 2007 filed with the U.S. Securities and Exchange Commission (SEC), is enclosed with this Proxy Statement. **You also may obtain, free of charge, a copy of the 2007 Annual Report to Shareholders and Annual Report on Form 10-K for the year ended December 31, 2007 by writing to American International Group, Inc., 70 Pine Street, New York, New York 10270, Attention: Investor Relations.** These documents also are available in the Investor Information section of AIG's corporate website at *www.aigcorporate.com*.

Who pays for the expenses of this proxy solicitation?

AIG will bear the cost of this solicitation of proxies. Proxies may be solicited by mail, email, personal interview, telephone and facsimile transmission by directors, their associates, and approximately eight officers and regular employees of AIG and its subsidiaries. In addition to the foregoing, AIG has retained D.F. King & Co., Inc. to assist in the solicitation of proxies for a fee of approximately \$16,000 plus reasonable out-of-pocket expenses and disbursements of that firm. AIG will reimburse brokers and others holding AIG Common Stock in their names, or in the names of nominees, for forwarding proxy materials to their principals.

ELECTION OF DIRECTORS

Thirteen directors are to be elected at the Annual Meeting to hold office until the next annual election and until their successors are duly elected and qualified. It is the intention of the persons named in the accompanying form of proxy to vote for the election of the nominees listed below. All of the nominees are currently members of AIG's Board of Directors. It is not expected that any of the nominees will become unavailable for election as a director, but if any should prior to the Annual Meeting, proxies will be voted for such persons as the persons named in the accompanying form of proxy may determine in their discretion. Directors will be elected by a majority of the votes cast. Pursuant to AIG's Corporate Governance Guidelines, each nominee for director has submitted to the Board an irrevocable resignation from the Board that would become effective upon (1) the failure of such nominee to receive the required vote at the shareholder meeting and (2) Board acceptance of such resignation. In the event that a director nominee fails to receive the required vote, the Nominating and Corporate Governance Committee will then make a recommendation to the Board on the action to be taken with respect to the resignation. The Board will accept such resignation unless the Board determines (after consideration of the Nominating and Corporate Governance Committee's recommendation) that the best interests of AIG and its shareholders would not be served by doing so.

In accordance with AIG's Corporate Governance Guidelines that provides that directors will not stand for election as a director after reaching the age of 73, Messrs. Cohen and Zarb will retire from the Board of Directors effective at the time that the directors are elected at the Annual Meeting. In addition, Mr. Hammerman has notified AIG that he does not wish to stand for re-election as a director at the Annual Meeting.

The nominees for director and certain information supplied by them to AIG are as follows:

STEPHEN F. BOLLENBACH Elected January 16, 2008	Former Co-Chairman and Chief Executive Officer, Hilton Hotels Corporation Age 65 <i>Director, KB Home Macy's, Inc. Time Warner Inc.</i>
--	--

MARTIN S. FELDSTEIN Director since 1987	Professor of Economics, Harvard University; President and Chief Executive Officer, National Bureau of Economic Research <i>(a nonprofit economic research center)</i> Age 68
---	---

*Director, Eli Lilly
and Company*

ELLEN V. FUTTER

Director since 1999

**President,
American
Museum of
Natural History**

Age 58

*Director,
Consolidated
Edison, Inc. (also
serves*

*as Trustee of
Consolidated*

Edison

*Company of New
York, Inc.)*

*JPMorgan Chase
& Co.*

RICHARD C. HOLBROOKE

Director since 2001

**Vice Chairman,
Perseus LLC (a
merchant bank
and private equity
fund management
company);**

**Former United
States**

**Ambassador to
the United
Nations; Former**

**Vice Chairman,
Credit Suisse
First Boston**

Age 66

FRED H. LANGHAMMER
Director since 2006

Chairman, Global Affairs and Former Chief Executive Officer, The Estée Lauder Companies Inc.
Age 64
Director, Shinsei Bank, Limited
The Walt Disney Company

GEORGE L. MILES, JR.
Director since 2005

President and Chief Executive Officer, WQED Multimedia
Age 66
Director, Equitable Resources, Inc.
Harley-Davidson, Inc.
HFF, Inc.
WESCO International, Inc.

MORRIS W. OFFIT
Director since 2005

Chairman, Offit Capital Advisors LLC (a wealth management advisory firm); Founder and Former Chief Executive Officer, OFFITBANK (a private bank)
Age 71

JAMES F. ORR III
Director since 2006

Chairman of the Board of Trustees, The Rockefeller Foundation
Age 65

VIRGINIA M. ROMETTY
Director since 2006

Senior Vice President, Global Business Services, IBM Corporation
Age 50

MARTIN J. SULLIVAN
Director since 2002

President and Chief Executive Officer, AIG
Age 53

*Director,
International Lease
Finance
Corporation and
Transatlantic
Holdings, Inc.,
subsidiaries of AIG*

MICHAEL H. SUTTON
Director since 2005

**Independent
Consultant;
Former Chief
Accountant of
the United States
Securities and
Exchange
Commission**
Age 67
*Director,
Allegheny Energy,
Inc.
Krispy Kreme
Doughnuts, Inc.*

EDMUND S.W. TSE
Director since 1996

**Senior Vice
Chairman Life
Insurance, AIG**
Age 70

ROBERT B. WILLUMSTAD
Director and Chairman since 2006

**Founder and
Partner, Brysam
Global Partners
(a private equity
investment firm);
Former
President and
Chief Operating
Officer,
Citigroup Inc.**
Age 62

The principal occupation or affiliation of the nominees is shown above. Messrs. Sullivan and Tse have been executive officers of AIG for more than five years. Except as noted below, each other director has occupied an executive position with the company or organization listed above for at least five years. From 2004 until 2007, Mr. Bollenbach was Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation. Before that, he was Hilton Hotels Corporation's Chief Executive Officer and President. Mr. Offit served as Co-Chief Executive Officer of Offit Hall Capital Management LLC from 2002 until 2007. Mr. Willumstad served in executive positions with Citigroup Inc. for more than five years prior to his retirement in September 2005. Brysam Global Partners was established in November 2006.

CORPORATE GOVERNANCE

GOVERNANCE

AIG's Board regularly reviews corporate governance developments and modifies its Corporate Governance Guidelines, charters and practices from time to time. AIG's Corporate Governance Guidelines are included as Appendix A. AIG's Corporate Governance Guidelines and the charters of the Nominating and Corporate Governance Committee, the Compensation and Management Resources Committee, the Finance Committee, the Audit Committee, the Public Policy and Social Responsibility Committee, and the Regulatory, Compliance and Legal Committee are available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com.

AIG's Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics and a Code of Conduct for employees are available, without charge, in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com or in print by writing to American International Group, Inc., 70 Pine Street, New York, New York 10270, Attention: Investor Relations. Any amendment to AIG's Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics and any waiver applicable to AIG's directors, executive officers or senior financial officers will be posted on AIG's website within the time period required by the SEC and the NYSE.

Using the current AIG Director Independence Standards that are included in the Corporate Governance Guidelines, the Board, on the recommendation of the Nominating and Corporate Governance Committee, determined that Ms. Futter, Ms. Rometty and Messrs. Bollenbach, Cohen, Feldstein, Hammerman, Holbrooke, Langhammer, Miles, Offit, Orr, Sutton, Willumstad and Zarb are independent under NYSE listing standards and AIG's Director Independence Standards.

In making the independence determinations, the Nominating and Corporate Governance Committee considered relationships arising from (1) contributions by AIG to charitable organizations with which Messrs. Bollenbach, Cohen, Feldstein, Hammerman, Holbrooke, Langhammer and Offit, and Ms. Futter or members of their immediate families are affiliated, (2) in the case of Ms. Rometty, transactions between AIG and IBM Corporation and (3) in the case of certain directors, investments and insurance products provided to them by AIG in the ordinary course of business and on the same terms made available to third parties. Except as described in the following paragraph, none of these relationships exceeded the thresholds set forth in the AIG Director Independence Standards.

In 2007, AIG made payments totaling \$527,500 to the Asia Society, of which Mr. Holbrooke is chairman of the board of directors, for membership fees, sponsorship costs and general contributions. In addition, to date in 2008, AIG has made a payment of \$50,000 for sponsorship costs. Under AIG's Director Independence Standards that are used to assist the Board in making independence determinations, the Board must consider the materiality of any contributions for a calendar year made to a charitable organization with which a director is affiliated if the contributions exceed \$200,000. The Board, on the recommendation of the Nominating and Corporate Governance Committee, considered the payments to the Asia Society and determined that they do not impair Mr. Holbrooke's independence. In making this determination, the Nominating and Corporate Governance Committee and the Board evaluated all facts they considered relevant, including that Mr. Holbrooke does not serve as an executive officer and does not receive compensation from the Asia Society, that he did not solicit the payments and that, given the significance of AIG's operations in Asia, the Board and AIG management believe that the payments to the Asia Society will enhance AIG's reputation and standing in Asia.

There were nine meetings of the Board during 2007. The non-management directors meet in executive session, without any management directors present, in connection with each regularly scheduled Board meeting. Mr. Willumstad presided at these executive sessions. For 2007 and 2006, all of the directors attended at least 75 percent of the aggregate of all meetings of the Board and of the committees of the Board on which they served. Under AIG's Corporate Governance Guidelines, any director who, for two consecutive calendar years, attends fewer than 75

percent of the regular meetings of the Board and the meetings of all committees of which such director is a voting member, will not be nominated for reelection at the annual meeting in the next succeeding calendar year, absent special circumstances that may be taken into account by the Board and the Nominating and Corporate Governance Committee in making its recommendations to the Board.

Directors are expected to attend the annual meetings of shareholders. All directors serving at the time of the 2007 annual meeting of shareholders attended that meeting.

AIG has adopted policies on reporting of concerns regarding accounting and other matters and on communicating with non-management directors. These policies are available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com. Interested parties may make their concerns known to the non-management members of AIG's Board of Directors as a group or the other members of the Board of Directors by writing care of Special Counsel and Secretary to the Board, American International Group, Inc., 70 Pine Street, New York, NY 10270 or by email to: boardofdirectors@aig.com.

REPORT OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Overview

The role of the Nominating and Corporate Governance Committee is to identify individuals qualified to become Board members and recommend these individuals to the Board for nomination as members of the Board and its committees, to advise the Board on corporate governance matters and to oversee the evaluation of the Board and its committees.

Committee Organization and Operation

Committee Charter. The Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com.

Independence. The Board of Directors has determined that each member of the Committee is independent, as required by NYSE listing standards.

Conduct of meetings and governance process. During 2007, the Committee held six meetings. In discussing governance initiatives and in preparation for meetings, the Committee Chairman and Mr. Eric N. Litzky, Vice President - Corporate Governance and Special Counsel and Secretary to the Board of Directors, met and consulted frequently with Mr. Willumstad and other Committee and Board members.

Board Membership and Composition

Nomination and Election of Directors. Fifteen directors were elected at AIG's annual meeting of shareholders in May 2007. In light of the pending retirement of Messrs. Cohen and Zarb, the Committee has been actively considering potential director candidates. As part of this search, Mr. Bollenbach was identified as a potential candidate by Heidrick & Struggles, an executive search firm. Mr. Bollenbach was nominated by the Committee and elected by the Board as a director in January 2008. Mr. Hammerman notified AIG in February 2008 that he did not wish to stand for re-election as a director. As a result, the Committee evaluated and recommended to the Board of Directors the 13 incumbent directors as nominees standing for election at the 2008 Annual Meeting, based on the criteria set forth in AIG's Corporate Governance Guidelines. A description of the nominees recommended by the Committee is set forth above under the caption "Election of Directors." The process for identification of director nominees when standing for election for the first time is provided below under the caption "Committees' Nominating and Corporate Governance Committee."

Mr. Willumstad has served as Chairman since November 2006, and his election as Chairman was in accordance with the policy set forth in AIG's By-laws and Corporate Governance Guidelines that the position of Chairman should be separate from Chief Executive Officer and should be selected from the independent directors.

Independence. The Board of Directors, on the recommendation of the Committee, determined that each of AIG's 11 non-management directors is independent within the meaning of the NYSE listing standards. Mr. Sullivan, who serves as Chief Executive Officer, and Mr. Tse, who serves as Senior Vice Chairman - Life Insurance, are the only directors who hold AIG management positions and, therefore, are not independent directors.

Corporate Governance Initiatives in 2007

Director Compensation and Stock Ownership Guidelines. The Board reviewed and adopted recommendations of the Committee with respect to director compensation and stock ownership guidelines applicable to directors in 2007. Under the guidelines, directors should own at least 10,000 shares of AIG Common Stock (which includes deferred stock and Deferred Stock Units (DSUs)). Until such time as a director achieves beneficial ownership of AIG Common

Stock at the required level, such director is required to retain the shares of AIG Common Stock received upon the exercise of stock options, net of shares used to satisfy the exercise price and shares withheld or sold to satisfy tax withholding obligations.

Amendment of By-laws and Corporate Governance Guidelines. On the recommendation of the Committee, the Board adopted a majority vote by-law described under Election of Directors. The Committee completed a review of AIG's Corporate Governance Guidelines in 2007 and adopted several amendments, which were posted in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com.

Conclusion

During 2007, the Committee has continued its efforts to strengthen the Board of Directors and its governance structure. The Committee plans to keep AIG in the forefront of good corporate governance in 2008 and beyond.

Nominating and Corporate Governance Committee
American International Group, Inc.

George L. Miles, Jr., Chairman
Marshall A. Cohen
Ellen V. Futter
James F. Orr III
Robert B. Willumstad, *ex-officio*
Frank G. Zarb, non-voting member

COMMITTEES

The following table sets forth the current membership on each standing committee of the Board and the number of committee meetings held in 2007. On January 17, 2007, Ms. Rometty became a member of the Compensation and Management Resources Committee, Mr. Langhammer became a member of the Finance Committee and Mr. Feldstein became a member of the Regulatory, Compliance and Legal Committee. Mr. Offit became a member of the Public Policy and Social Responsibility Committee on November 14, 2007. Mr. Bollenbach became a member of the Board and the Audit Committee on January 16, 2008.

Director	Audit Committee	Nominating and Corporate Governance Committee	Compensation and Management Resources Committee	Finance Committee	Public Policy and Social Responsibility Committee	Regulatory, Compliance and Legal Committee
Stephen F. Bollenbach	P					
Marshall A. Cohen		P	P (C)			
Martin S. Feldstein				P		P
Ellen V. Futter		P				P
Stephen L. Hammerman					P	P (C)
Richard C. Holbrooke					P (C)	
Fred H. Langhammer			P	P		
George L. Miles, Jr.	P	P (C)			P	
Morris W. Offit	P			P (C)	P	
James F. Orr III		P	P			
Virginia M. Rometty			P			

Martin J. Sullivan

P

Michael H.
Sutton

P (C)

P

Edmund S.W.
TseRobert B.
Willumstad

*

*

*

*

*

*

Frank G. Zarb

*

*

*

*

*

*

**Number of
meetings****14****6****9****10****4****6**

P = Member; C = Chair

* Mr. Willumstad is an *ex-officio* member and Mr. Zarb is a non-voting member of each committee.**Audit Committee**

The Audit Committee, which held 14 meetings during 2007, assists in the Board's oversight of AIG's financial statements and compliance with legal and regulatory requirements, the qualifications and performance of AIG's independent registered public accounting firm and the performance of AIG's internal audit function. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of AIG's independent registered public accounting firm. In its oversight of AIG's internal audit function, the Audit Committee also is involved in performance reviews and determining compensation of AIG's chief internal auditor.

The Board has determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Audit Committee are independent under both NYSE listing standards and SEC rules. The Board has also determined that all members of the Audit Committee are financially literate, as defined by NYSE listing standards, and that a majority of the members of the Committee are audit committee financial experts, as defined by SEC rules. For purposes of SEC rules, the Board of Directors has designated Mr. Sutton the named audit committee financial expert and, on the recommendation of the Nominating and Corporate Governance Committee, has determined that Mr. Sutton has accounting or related financial management expertise, as defined by NYSE listing standards. Although designated as an audit committee financial expert, Mr. Sutton does not act as an accountant for AIG and, under SEC rules, is not an expert for purposes of the liability provisions of the Securities Act of 1933, as amended (the Securities Act), or for any other purpose. Under the Federal securities laws, Mr. Sutton does not have any responsibilities or obligations in

addition to those of the other Audit Committee members; for these purposes, all Audit Committee members have identical duties and responsibilities.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee held six meetings in 2007. The Board has determined that all members of the Nominating and Corporate Governance Committee are independent under NYSE listing standards. The primary purposes of the Nominating and Corporate Governance Committee are to review and recommend individuals to the Board of Directors for nomination, election or appointment as members of the Board and its committees, to advise the Board on corporate governance and to oversee the evaluation of the Board and its committees.

The AIG Corporate Governance Guidelines include characteristics that the Nominating and Corporate Governance Committee considers important for nominees for director and information for shareholders with respect to director nominations. The Nominating and Corporate Governance Committee will consider director nominees recommended by shareholders and will evaluate shareholder nominees on the same basis as all other nominees. Shareholders who wish to submit nominees for director for consideration by the Nominating and Corporate Governance Committee for election at the 2009 annual meeting of shareholders may do so by submitting in writing such nominees' names, in compliance with the procedures described under "Other Matters - Shareholder Proposals for 2009 Annual Meeting" in this Proxy Statement.

Compensation and Management Resources Committee

The Compensation and Management Resources Committee, which held nine meetings during 2007, is responsible for reviewing and approving the compensation awarded to AIG's Chief Executive Officer (subject to ratification or approval by the Board) and to the other key employees under its purview, including the performance measures and goals relevant to that compensation. The Committee is also responsible for making recommendations to the Board with respect to AIG's compensation programs for key and other employees and for oversight of AIG's management development and succession planning programs. These responsibilities, which may not be delegated to persons who are not members of the Compensation and Management Resources Committee, are set forth in the Committee's charter, which is available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com.

Nineteen key employees are currently under the purview of the Compensation and Management Resources Committee, including all of the executive officers named in the 2007 Summary Compensation Table. Mr. Sullivan participates in meetings of the Compensation and Management Resources Committee and makes recommendations with respect to the annual compensation of employees under the Committee's purview other than himself. Pursuant to AIG's By-laws, the Board ratifies the determination of the Compensation and Management Resources Committee as to the compensation paid or to be paid to Mr. Sullivan in his capacity as AIG's Chief Executive Officer.

The Compensation and Management Resources Committee does not determine the compensation of the Board of Directors. The compensation of directors is recommended by the Nominating and Corporate Governance Committee and is approved by the Board.

To provide independent advice, the Compensation and Management Resources Committee selected Frederic W. Cook & Co. as a consultant and has used the services of the Cook firm since 2005. The Compensation and Management Resources Committee directly engaged the Cook firm to review and comment on AIG's executive compensation framework in relation to the objectives of the framework and market practices. Members of the Cook firm regularly participate in Committee meetings and provide information on compensation trends along with specific views on AIG's compensation programs.

The Cook firm has advised the Committee that the design and operation of AIG's executive compensation programs reflect a pay-for-performance compensation philosophy that is reasonable and competitive with companies in the financial services industry. The Cook firm has also provided advice to the Nominating and Corporate Governance Committee on AIG director compensation and market practices with respect to director compensation. The Cook firm reports directly to the Chairman of the Compensation and Management Resources Committee and does not provide any services to AIG's management.

The Board has determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the Compensation and Management Resources Committee are independent under NYSE listing standards.

Other Committees

The Finance Committee assists the Board in its oversight responsibilities by reviewing and making recommendations to the Board with respect to AIG's financial and investment policies, provides strategic guidance to management as to AIG's capital structure, use of capital in its businesses, methods of financing its businesses and other related strategic initiatives. The Committee also assists the Board in its oversight responsibilities with respect to AIG's risk management processes insofar as they relate to matters considered by the Committee pursuant to its charter. The Committee also has the power to approve certain issuances, investments, dispositions and other transactions and matters. The Committee held 10 meetings in 2007. The Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com.

The Public Policy and Social Responsibility Committee is responsible for reviewing the position and policies of AIG relating to current and emerging corporate social responsibility and political and public policy issues of significance to AIG, that may affect AIG's business operations, performance or corporate reputation. The Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com. The Public Policy and Social Responsibility Committee held four meetings in 2007.

The Regulatory, Compliance and Legal Committee held six meetings during 2007. The principal purpose of the Regulatory, Compliance and Legal Committee is to assist the Board in its oversight of AIG's legal, regulatory and compliance matters. The Committee's charter is available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com.

COMPENSATION OF DIRECTORS

Each non-management director of AIG receives a retainer of \$75,000 per year. In lieu of committee annual retainers and meetings fees, Mr. Willumstad, as Chairman of the Board and an *ex-officio* member of all standing committees of the Board, receives an additional annual retainer of \$200,000, and Mr. Zarb, as a non-voting member of all standing committees, receives an additional annual retainer of \$150,000. Other non-management directors receive committee meeting attendance fees of \$1,500 per meeting, which includes attendance, upon request, at meetings of committees of which they are not members and attendance at meetings of AIG's International Advisory Board. The chairman of each committee receives an annual committee retainer of \$15,000, except the chairman of the Audit Committee, who receives \$25,000. For each other member of each committee, the annual committee retainer is \$5,000. Retainers are paid in equal installments each quarter in advance of service and meetings fees are paid each quarter for service in the prior quarter. See Committees for information on current committee memberships and committee memberships during 2007.

Prior to May 16, 2007, non-management directors received 1,000 shares of AIG Common Stock per year in equal quarterly grants, receipt of which is deferred until retirement from the Board, and 2,500 options on AIG Common Stock per year in an annual grant, which became exercisable after one year and will remain exercisable for nine years thereafter. The options were granted with an exercise price equal to the closing sale price of AIG Common Stock on the date of grant. The Board made two quarterly grants of shares of AIG Common Stock in 2007 under this compensation program, but did not grant any options.

On May 16, 2007, the Board, upon the recommendation of the Nominating and Corporate Governance Committee, approved changes to the compensation of non-management directors. Effective on that date, the non-management directors no longer receive 1,000 shares and 2,500 options per year and instead receive an annual award of DSUs with a value of \$125,000, with the number of units determined based on the closing price of AIG Common Stock on the date of grant. DSUs are granted under the Amended and Restated 2007 Stock Incentive Plan (2007 Stock Incentive Plan). Each DSU provides that one share of AIG Common Stock will be delivered when a director ceases to be a member of the Board. Beginning in 2008, the annual retainer amounts, the committee retainer amounts and the meeting fee amounts for service after that date may be deferred, at the election of the directors, into DSUs. DSUs include dividend equivalent rights that entitle the director to a quarterly payment, in the form of DSUs, equal to the amount of any regular quarterly dividend that would have been paid by AIG if the shares of AIG Common Stock that underlie the DSUs had been outstanding.

Under director stock ownership guidelines adopted by the Board in 2007, non-management directors should own at least 10,000 shares of AIG Common Stock (including deferred stock and DSUs). Until such time as a non-management director achieves beneficial ownership of AIG Common Stock at the required level, such director is required to retain the shares of AIG Common Stock received upon the exercise of stock options granted, net of shares used to satisfy the exercise price and shares withheld or sold to satisfy tax withholding obligations.

To provide independent advice and guidance, certain of AIG's non-management directors also serve on the boards of directors of subsidiaries of AIG. With the exception of AIG Global Trade & Political Risk Insurance Company, which pays directors an annual retainer of \$10,000, these directorships do not pay retainer fees but instead pay a fee of \$1,500 per meeting attended.

In response to two unrelated derivative actions filed against AIG, which are described in AIG's Annual Report on Form 10-K for the year ended December 31, 2007, AIG's Board of Directors appointed special litigation committees of independent directors to review the matters asserted in the complaints. The first special litigation committee was established in 2002. Messrs. Cohen and Sutton are the current members, with Mr. Sutton joining in October 2005. The second special litigation committee was established in 2005, and Messrs. Hammerman and Miles were the members until Mr. Hammerman's resignation from the committee in February 2008. Mr. Miles is currently the only member of the special litigation committee established in 2005. Fees for these special litigation committees are set by the Board

and may be reviewed and adjusted by the Board if the amount of work is greater than originally anticipated.

There may be limited occasions when spouses of non-management directors of AIG travel with the directors on AIG aircraft. In these instances, AIG has been reimbursed by the directors for their spouses' travel in an amount equal to the cost of commercial first-class airfare.

The following table contains information with respect to the compensation of the individuals who served as non-management directors of AIG in 2007.

2007 Non-Management Director Compensation

Non-Management Members of the Board in 2007	Fees Earned or Paid in Cash(1)	Stock Awards(2)	All Other Compensation(3)	Total
Marshall A. Cohen	\$ 164,000	\$ 159,819	\$ 624	\$ 324,443
Martin S. Feldstein	\$ 113,750	\$ 159,819	\$ 624	\$ 274,193
Ellen V. Futter	\$ 103,000	\$ 159,819	\$ 624	\$ 263,443
Stephen L. Hammerman	\$ 114,500	\$ 159,819	\$ 624	\$ 274,943
Richard C. Holbrooke	\$ 107,500	\$ 159,819	\$ 624	\$ 267,943
Fred H. Langhammer	\$ 118,000	\$ 159,819	\$ 624	\$ 278,443
George L. Miles, Jr.	\$ 139,000	\$ 159,819	\$ 624	\$ 299,443
Morris W. Offit	\$ 140,000	\$ 159,819	\$ 624	\$ 300,443
James F. Orr III	\$ 109,000	\$ 159,819	\$ 624	\$ 269,443
Virginia M. Rometty	\$ 93,750	\$ 159,819	\$ 624	\$ 254,193
Michael H. Sutton	\$ 140,000	\$ 159,819	\$ 624	\$ 300,443
Robert B. Willumstad	\$ 275,000	\$ 159,819	\$ 624	\$ 435,443
Frank G. Zarb	\$ 225,000	\$ 159,819	\$ 624	\$ 385,443

- (1) This column represents annual retainer fees, committee and chairmanship fees and committee meeting attendance fees. The amounts also include the following amounts in meeting attendance fees for meetings of the boards of directors of subsidiaries of AIG and retainer fees with respect to Mr. Holbrooke's membership on the Board of Directors

of AIG Global
Trade & Political
Risk Insurance
Company:
Cohen \$39,000;
Feldstein \$6,000;
Holbrooke \$10,000;
Offit \$4,500; and
Sutton \$1,500. For
Messrs.

Hammerman and
Miles, the amount
does not include a
fee of \$150,000
paid in April 2008
for services
rendered in 2005,
2006 and 2007 in
connection with the
special litigation
committee
established in 2005.
Messrs.

Hammerman and
Miles each received
fees in connection
with such services
of \$50,000 and
\$25,000 in 2005
and 2006,
respectively. No
fees were paid in
2007 in connection
with their service in
the special litigation
committee
established in 2005.

Messrs. Sullivan
and Tse serve on
the Board but do
not receive any
compensation for
their service as
directors. See the
2007 Summary
Compensation
Table in 2007
Compensation for
the compensation
awarded to Messrs.

Sullivan and Tse in 2007.

- (2) This column represents the expense in accordance with FAS 123R of stock-based awards granted by AIG in 2007, calculated using the assumptions described in Note 17 to the Consolidated Financial Statements included in AIG's Annual Report on Form 10-K. The grant date fair values for the deferred stock and DSUs were calculated by multiplying the number of shares or DSUs awarded by the closing price of AIG Common Stock on the date of grant. On each of January 3, 2007 and April 2, 2007, AIG made grants of deferred stock to non-management directors, consisting of 250 shares of AIG Common Stock each. On May 16, 2007, AIG made grants of DSUs representing 1,725 shares. On July 2, 2007 and October 1, 2007, each recipient of such DSUs received 4 and 5 DSUs, respectively,

representing dividends on the DSUs. The grant date fair values in accordance with FAS 123R of these stock-based awards are: for deferred stock, January 3, 2007 \$72.15 per share; and April 2, 2007 \$67.15 per share; and for DSUs, May 16, 2007 \$72.46 per share July 2, 2007 \$70.20 per share and October 1, 2007 \$68.59 per share. Receipt of deferred stock and shares underlying DSUs is deferred until the director ceases to be a member of the Board.

AIG did not grant options to non-management directors in 2007. However, in preparing its 2007 Proxy Statement, AIG determined that the expenses for 2006 option awards to non-management directors were not properly recognized in accordance with FAS 123R for financial statement reporting purposes in 2006, resulting in the under-recording of expense for these awards by approximately

\$250,000. AIG corrected its financial statements in 2007 for these awards. The amount recognized as expense for these awards in 2007 totalled: \$21,073 for each of Messrs. Cohen, Feldstein, Hammerman, Holbrooke, Miles, Offit, Orr, Sutton and Zarb and Ms. Futter; \$4,660 for each of Messrs. Langhammer and Willumstad; and \$40,069 for Ms. Rometty.

- (3) Represents DSUs awarded as dividend equivalents. As described above, the value of the DSUs awarded as dividend equivalents was calculated by multiplying the number of DSUs awarded by the closing price of AIG Common Stock on the date of grant.

The following table sets forth information with respect to the option and stock awards outstanding at December 31, 2007 for the non-management directors of AIG.

Stock and Option Awards Outstanding at December 31, 2007

Non-Management Members of the Board in 2007	Option Awards(1)	Deferred Stock(2)	Deferred Stock Units(3)
Marshall A. Cohen	20,500	2,875	1,734
Martin S. Feldstein	20,500	2,875	1,734
Ellen V. Futter	20,500	2,875	1,734
Stephen L. Hammerman	5,000	2,000	1,734
Richard C. Holbrooke	17,500	2,875	1,734
Fred H. Langhammer	5,000	1,500	1,734
George L. Miles, Jr.	5,000	1,875	1,734
Morris W. Offit	5,000	1,875	1,734
James F. Orr III	2,500	1,000	1,734
Virginia M. Rometty	2,500	750	1,734
Michael H. Sutton	5,000	1,625	1,734
Robert B. Willumstad	5,000	1,500	1,734
Frank G. Zarb	17,500	2,875	1,734

(1) These columns represent each director's outstanding option awards made by AIG in 2006 and prior years. All options are exercisable.

(2) Includes 500 shares of deferred stock awarded in 2007 and deferred

stock
awarded in
prior years.
Receipt of
deferred
stock is
deferred
until the
director
ceases to be
a member of
the Board.

- (3) Includes
1,725 DSUs
awarded in
2007 and 9
DSUs
awarded as
dividend
equivalents
thereon.
Receipt of
shares of
AIG
Common
Stock
underlying
DSUs is
deferred
until the
director
ceases to be
a member of
the Board.

COMPENSATION AND MANAGEMENT RESOURCES COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation and Management Resources Committee has served as an officer or employee of AIG at any time or has any relationship with AIG requiring disclosure as a related-party transaction. During 2007, none of AIG's executive officers served as a director of another entity, one of whose executive officers served on the Compensation and Management Resources Committee; and none of AIG's executive officers served as a member of the compensation committee of another entity, one of whose executive officers served as a member of the Board of Directors of AIG.

OWNERSHIP OF CERTAIN SECURITIES

The following table contains information regarding the only persons who, to the knowledge of AIG, beneficially own more than five percent of AIG Common Stock.

Name and Address	Shares of Common Stock Beneficially Owned	
	Number	Percent(1)
FMR LLC and Edward C. Johnson 3d (collectively, the FMR Group)(2) 82 Devonshire Street Boston, MA 02109	144,915,088	5.714 %
C.V. Starr & Co., Inc.; Edward E. Matthews; Maurice R. Greenberg; The Maurice R. and Corinne P. Greenberg Family Foundation, Inc.; Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC; Starr International Company, Inc. (SICO); Universal Foundation, Inc.; C.V. Starr & Co., Inc. Trust (collectively, the Starr Group)(3) 399 Park Avenue 17th Floor New York, NY 10022(4)	354,987,261	13.6 %

(1) Percentages calculated based on AIG Common Stock outstanding as set forth in the Schedule 13G and the Schedule 13D described in notes 2 and 3 below.

(2) Based on a Schedule 13G filed February 14, 2008 by FMR LLC (FMR Schedule 13G). FMR LLC is the parent company of

various entities that provide investment advisory and management services to the Fidelity Group of mutual funds and is the beneficial owner of these shares. Item 7 of the FMR Schedule 13G provides details as to the voting and investment power of each member of the FMR Group, as well as the right of each member of the FMR Group to acquire AIG Common Stock within 60 days. It also provides information as to Fidelity International Limited, which operates as a separate entity from FMR LLC and beneficially owns 3,906,336 shares of AIG Common Stock. The FMR Schedule 13G states that FMR LLC and Fidelity

International
are of the view
that they are
not a group
and the shares
held by the
other do not
need to be
aggregated.

- (3) Based on an amended Schedule 13D dated March 20, 2007 by each member of the Starr Group (Starr Group Schedule 13D), the members of the Starr Group do not affirm the existence of a group and disclaim beneficial ownership of each other member of the group; provided, however, that Maurice R. Greenberg does not disclaim beneficial ownership of the shares of AIG Common Stock held by the Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC and C.V. Starr & Co.,

Inc. does not disclaim beneficial ownership of the shares of AIG Common Stock held by the C.V. Starr & Co., Inc. Trust. Item 5 to the Starr Group Schedule 13D provides details as to the voting and investment power of each member of the Starr Group, as well as the right of each member of the Starr Group to acquire AIG Common Stock within 60 days. All information provided in Ownership of Certain Securities with respect to the Starr Group is provided based solely on the information set forth in the Starr Group Schedule 13D. This information has not been updated to reflect changes in the ownership by the members of the Starr

Group of AIG
Common
Stock that are
disclosed in
filings made
by one or
more members
of the Starr
Group under
Section 16 of
the Securities
Exchange Act
of 1934, as
amended (the
Exchange
Act). In each
case, this
information
may not be
accurate or
complete and
AIG takes no
responsibility
therefor and
makes no
representation
as to its
accuracy or
completeness
as of the date
hereof or any
subsequent
date.

- (4) This is the principal office for all individuals and entities in the Starr Group, other than Starr International Company, Inc., which has a principal office at 101 Baarerstrasse, CH 6300 Zug, Switzerland; the Universal

Foundation,
which has a
principal
office at
Mercury
House, 101
Front Street,
Hamilton HM
12, Bermuda;
and the
Maurice R.
and Corinne P.
Greenberg
Joint Tenancy
Company,
LLC, which
has a principal
office at 35
Ocean Reef
Drive, Key
Largo, Florida
33037.

The following table summarizes the ownership of equity securities of AIG by the directors, by the executive officers named in the 2007 Summary Compensation Table in 2007 Compensation and by the directors and current executive officers as a group. None of the shares of AIG Common Stock listed in the following table have been pledged as security.

Equity Securities of AIG Owned Beneficially as of January 31, 2008(1)		
AIG Common Stock		
	Amount and Nature of Beneficial Ownership(2)(3)	Percent of Class
Steven J. Bensinger	78,395	(4)
Stephen F. Bollenbach	2,503	(4)
Marshall A. Cohen	75,538	(4)
Martin S. Feldstein	83,444	(4)
Ellen V. Futter	26,171	(4)
Stephen L. Hammerman	11,740	(4)
Richard C. Holbrooke	27,314	(4)
Fred H. Langhammer	48,617	(4)
George L. Miles, Jr.	8,615	(4)
Win J. Neuger	285,226	.01
Morris W. Offit	23,615	(4)
James F. Orr III	20,617	(4)
Virginia M. Rometty	5,310	(4)
Robert M. Sandler	520,878	.02
Martin J. Sullivan	353,467	.01
Michael H. Sutton	11,365	(4)
Edmund S.W. Tse	1,627,956	.06
Robert B. Willumstad	8,240	(4)
Jay S. Wintrob	2,098,389	.08
Frank G. Zarb	27,115	(4)
All Directors and Executive Officers of AIG as a Group (31 individuals)	7,268,342	.29

- (1) Amounts include shares as to which the individual shares voting and investment power

as follows:

Tse 1,118,661
shares with a
corporation, and
Feldstein 23,727
shares with a
corporation.

- (2) Amount of equity securities shown includes shares of AIG Common Stock subject to options which may be exercised within 60 days as follows:
- Bensinger 76,670
shares,
Cohen 20,500
shares,
Feldstein 20,500
shares,
Futter 20,500
shares,
Hammerman 5,000
shares,
Holbrooke 17,500
shares,
Langhammer 5,000
shares, Miles 5,000
shares,
Neuger 234,296
shares, Offit 5,000
shares, Orr 2,500
shares,
Rometty 2,500
shares,
Sandler 200,000
shares,
Sullivan 308,412
shares, Sutton 5,000
shares, Tse 445,625
shares,
Willumstad 5,000
shares,
Wintrob 287,500
shares, Zarb 17,500
shares, and all
directors and
current executive
officers of AIG as

a group 3,442,762 shares. Amount of equity securities shown also includes: (i) shares granted to each non-employee director with delivery deferred until the director ceases to be a member of the Board as follows: Cohen 2,875 shares, Feldstein 2,875 shares, Futter 2,875 shares, Hammerman 2,000 shares, Holbrooke 2,875 shares, Langhammer 1,500 shares, Miles 1,875 shares, Offit 1,875 shares, Orr 1,000 shares, Rometty 750 shares, Sutton 1,625 shares, Willumstad 1,500 shares and Zarb 2,875 shares, and (ii) DSUs granted to each non-employee director with delivery of the underlying AIG Common Stock deferred until such director ceases to be a member of the Board as follows: Bollenbach 2,503 shares, Cohen 2,161 shares, Feldstein 1,740 shares, Futter 1,740 shares, Hammerman 1,740 shares,

Holbrooke 2,139
shares,
Langhammer 2,117
shares, Miles 1,740
shares, Offit 1,740
shares, Orr 2,117
shares,
Rometty 1,740
shares, Sutton 1,740
shares,
Willumstad 1,740
shares and
Zarb 1,740 shares.
Amount of equity
securities shown
excludes shares
with delivery
deferred upon
exercise of options
as follows:
Feldstein 38,109
shares and
Sandler 17,729
shares.

- (3) Amount of equity securities shown also excludes the following securities owned by or held in trust for members of the named individual s immediate family as to which securities such individual has disclaimed beneficial ownership:
Sullivan 424 shares,
Tse 3,555 shares,
Wintrob 4,008
shares, Zarb 6,245
shares, and all
directors and
current executive
officers of AIG as
a group 31,004
shares.

- (4) Less than .01 percent.

20

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires directors, executive officers, and ten percent holders of AIG Common Stock to file reports with respect to their ownership of AIG equity securities. Based solely on the review of the Forms 3, 4 and 5 and amendments thereto furnished to AIG and certain representations made to AIG, AIG believes that the only filing deficiencies under Section 16(a) by its directors, executive officers, and ten percent holders during 2007 were one late report by Mr. Orr, a director, reporting the purchase of 5,000 shares in November 2007; one late report by each of Messrs. Martin, Neuger, Sullivan, Tse and Wintrob, all executive officers, reflecting the purchase by each of them, through the Employee Stock Purchase Plan, of 177 shares on April 1, 2007; and one late report by each of Messrs. Frenkel, Herzog, Sandler and Tse reflecting the acquisition of 2,016 restricted stock units (RSUs), 630 RSUs, 15,311 RSUs and 22,404 RSUs, respectively, on December 13, 2007; and 19 late reports by individuals and entities in the Starr Group reflecting the acquisition of an aggregate of 3,852,038 shares and the disposition of an aggregate of 5,704,064 shares resulting from 61 transactions.

RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Co-Investments with AIG

AIG has established employee investment funds to permit selected employees to participate alongside AIG's merchant banking, venture capital and similar funds. This fund has a fee structure that is generally more favorable than that offered by AIG to non-employees. Three of AIG's current executive officers have invested in this fund. There were no distributions from this fund in 2007. A named executive invested in a similar fund, the SunAmerica Venture Fund 2000, LP, and received tax distributions related to such fund in 2007. See the 2007 Summary Compensation Table, note 6 in 2007 Compensation .

Related-Party Transactions Approval Policy

The Board of AIG has adopted a related-party transaction approval policy. Under this policy, any transaction that involves more than \$120,000 and would be required to be disclosed in AIG's Proxy Statement, between AIG or any of its subsidiaries and any director or executive officer, or their related persons, must be approved by the Nominating and Corporate Governance Committee. In determining to approve a related-party transaction, the Nominating and Corporate Governance Committee will consider:

whether the terms of the transaction are fair to AIG and on terms at least as favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer or

employee of
AIG;

whether there
are
demonstrable
business
reasons for
AIG to enter
into the
transaction;

whether the
transaction
would impair
the
independence
of a director;
and

whether the
transaction
would present
an improper
conflict of
interest for
any director,
executive
officer or
employee of
AIG, taking
into account
the size of the
transaction,
the overall
financial
position of the
director,
executive
officer or
employee, the
direct or
indirect nature
of the interest
of the
director,
executive
officer or
employee in
the
transaction,

the ongoing nature of any proposed relationship, and any other factors the Nominating and Corporate Governance Committee or its chairman deems relevant.

EXECUTIVE COMPENSATION

COMPENSATION AND MANAGEMENT RESOURCES COMMITTEE REPORT

The Compensation and Management Resources Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Frederic W. Cook & Co. has also reviewed and discussed the Compensation Discussion and Analysis with management and outside counsel on behalf of the Compensation and Management Resources Committee. Based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into AIG's Annual Report on Form 10-K for the year ended December 31, 2007.

Compensation and Management Resources Committee
American International Group, Inc.

Marshall A. Cohen, Chairman
Fred H. Langhammer
James F. Orr III
Virginia M. Rometty
Robert B. Willumstad, *ex-officio*
Frank G. Zarb, non-voting member

COMPENSATION DISCUSSION AND ANALYSIS

AIG's compensation decisions for 2007 reflect the extraordinary market conditions in 2007 which significantly affected AIG's financial performance for the year. AIG's net income for 2007 was \$6.20 billion or \$2.39 per diluted share, compared to \$14.05 billion or \$5.36 per diluted share year for 2006. Included in 2007 net income were charges of approximately \$11.47 billion pretax (\$7.46 billion after