

Rec'd from M. Pringgas 8/12/08

MINUTES OF A MEETING OF DIRECTORS
AMERICAN INTERNATIONAL GROUP, INC.

Held March 12, 2008

A meeting of the Board of Directors of AMERICAN INTERNATIONAL GROUP, INC., was held March 12, 2008 at 9:45 A.M., at 70 Pine Street, New York, New York, pursuant to notice duly given to each of the Directors in accordance with the By-Laws.

Present: Messrs. Stephen F. Bollenbach
 Marshall A. Cohen
 Martin S. Feldstein
 Stephen L. Hammerman (by telephone)
 Richard C. Holbrooke
 Fred H. Langhammer
 George L. Miles, Jr.
 Morris W. Offit
 James F. Orr, III
 Martin J. Sullivan
 Michael H. Sutton
 Edmund S.W. Tse
 Robert B. Willumstad
 Frank G. Zarb

 Mesdames Ellen V. Futter
 Virginia M. Rometty

Also present were Messrs. Richard I. Beattie and James G. Gamble of Simpson Thacher & Bartlett, Steven J. Bensinger, Executive Vice President and Chief Financial Officer, Anastasia D. Kelly, Executive Vice President and General Counsel, Kathleen E. Shannon, Senior Vice President, Secretary and Deputy General Counsel and Eric N. Litzky, Vice President - Corporate Governance.

All of the Directors being present, the meeting proceeded.

The Chairman, Mr. Robert B. Willumstad, presided and the Secretary, Ms. Kathleen E. Shannon, recorded the minutes of the meeting.

Messrs. Tse, Bensinger and Litzky and Mesdames Kelly and Shannon then left the meeting and the outside Directors and Mr. Sullivan met in executive session. Mr. Sullivan briefed the Board on current market conditions affecting the various segments of AIG's operations. He highlighted the competitive nature of the property/casualty market, challenges to investment income due to the current economic environment, and improvements in the Domestic Retirement Services business due to the current interest rate environment and reduction in competition from bank products.

Additionally, Mr. Sullivan shared his views on the strategic direction of certain units of the company, and explained his proposed course of action to strengthen the senior management team of the corporation. He also discussed some of the actions he had taken with respect to certain issues surrounding fair value accounting, and the valuation process at AIGFP.

Messrs. Tse, Bensinger and Litzky and Mesdames Kelly and Shannon rejoined the meeting.

Mr. Willumstad proposed approval of the minutes of prior meetings. Upon motion duly made, seconded and unanimously carried, the minutes of the following meetings were approved.

Board of Directors
January 16, 2008

Compensation and Management
Resources Committee
December 13, 2007
January 15, 2008

Finance Committee
November 13, 2007

Regulatory, Compliance
and Legal Committee
October 17, 2007

Mr. Sullivan next requested that the Board declare the regular quarterly dividend. Upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that out of the funds of the Corporation legally available therefor a dividend of \$0.20 per share is declared upon the Common Stock of the Corporation, payable June 20, 2008 to stockholders of record as of June 6, 2008.

Mr. Bensinger reviewed the executive summary of the budget presentation, reporting that normalized adjusted net income is budgeted at \$6.75 per share. He noted that a range of \$6.74 to \$7.00 had been projected in January, and the proposed budget uses the low end of that range because of the pressures seen so far this year.

He added that a current forecast would be more like \$6.45 to \$6.50 per share, based on the level of partnership income. Mr. Bensinger said that first quarter partnership income would be \$50 million at most, and could be negative, with the current projection for first quarter adjusted net income at \$1.15 to \$1.20 per share rather than the \$1.60 included in the budget.

Mr. Bensinger reported that operations of United Guaranty Corporation were deteriorating more rapidly than forecast and the core businesses of AIG Financial Products Corp. are softer as well, particularly the credit businesses.

Mr. Bensinger described the conservative approach used in determining other than temporary impairment when the market value of fixed income securities decreased by 40 percent or more, but said that it was not possible to budget for these losses.

Mr. Bensinger explained that there were significant changes in the foreign exchange rates for the Yen and the Euro used for budgeting purposes. A discussion followed on the various hedging strategies used by the organization. Mr. Bensinger pointed out that under FASB 52, earnings cannot be hedged, but remittances are hedged. Mr. Feldstein suggested that AIG should hedge the new Taiwan dollar, and Mr. Sullivan advised the Board that AIG intends to provide additional capital to Nan Shan Life Insurance Company during the year.

Mr. Bensinger continued his review of the proposed budget by discussing return on equity, the volatility of investment income, other than temporary impairment charges, unrealized losses and the impact of FAS 157 and FAS 159, the new fair value standards.

Mr. Offit advised the Board that the Finance Committee had reviewed and approved the proposed budget and recommended its approval by the Board. After further discussion, the Board approved the budget as presented.

Mr. Willumstad next recommended that the members of the 2005 Special Litigation Committee be compensated for the services provided during 2007. After discussion, upon motion duly made, seconded and unanimously carried by those voting, with Messrs. Hammerman and Miles not voting, it was

RESOLVED, that Stephen L. Hammerman and George L. Miles, Jr. shall each be paid a fee of \$150,000 for services rendered as members of the 2005 Special Litigation Committee.

Ms. Kelly next updated the Board on regulatory matters, including the inquiries from the Securities and Exchange Commission and the Department of Justice. Mr.

Redacted at Request of AIG

Ms. Kelly next advised the Board that the Office of Thrift Supervision has lowered its ratings on AIG, and Management's goal is to have them comfortable to reconsider the ratings by October. In light of the OTS action, the request that the members sign the signature pages for the OTS Report was tabled. Ms. Kelly noted that regulators from England, Japan and France have all made inquiries with respect to AIG's issues with the subprime mortgage operations and investments. She said that the new chief regulatory officer will be starting soon. With respect to the subprime litigation at both the state and federal levels, Ms. Kelly said that the Directors will receive separate letters for engagement of counsel to represent them.

Ms. Kelly described the status of current litigation, including the settlement of the ERISA litigation, the setting of a trial date for the Louisiana Teachers derivative litigation, the various developments in the workers compensation matters, and the SICO and the securities and restatement cases, where nothing much is happening.

Mr. Willumstad gave the report from the Regulatory, Compliance and Legal Committee. He described the update that the Committee received on compliance, including confirmation from Mr. Cole, the Independent Consultant, that good progress is being made. He noted that the Comprehensive Program will review the process for monitoring compliance, and confirmed that the Committee had received assurances from its counsel (which had been distributed to the members in the meeting materials) that nothing in the letter from the OTS expanded or attempted to expand the Board's responsibilities beyond those required by Delaware law.

Mr. Offit reported that the Finance Committee plans an expanded role in oversight of risk management, and has decided to have monthly meetings for the foreseeable future.

Mr. Miles requested that members complete the Board and Committee assessments. He announced that Mr. Orr will succeed Mr. Cohen as Chairman of the Compensation and Management Resources Committee and Mr. Bollenbach will be added to the Regulatory, Compliance and Legal Committee. Mr. Miles next presented the Committee's nominations for director at the Annual Meeting, together with the Committee's recommendations on the independence of nominees, their "financial literacy", "accounting or related financial management expertise" and "Audit Committee Financial Experts". After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that this Board hereby accepts the nominations by the Nominating and Corporate Governance Committee of Stephen F. Bollenbach, Martin S. Feldstein, Ellen V. Futter, Richard C. Holbrooke, Fred H. Langhammer, George L. Miles, Jr., Morris W. Offit, James F. Orr, III, Virginia M. Rometty, Martin J. Sullivan, Michael H. Sutton, Edmund S.W. Tse and Robert B. Willumstad to stand for election as directors of this Corporation at the Annual Meeting of Shareholders to be held on May 14, 2008.

RESOLVED, that this Board hereby accepts and adopts the determinations by the Nominating and Corporate Governance Committee that each of Mesdames Ellen V. Futter and Virginia M. Rometty and Messrs. Stephen F. Bollenbach, Martin S. Feldstein, Richard C. Holbrooke, Fred H. Langhammer, George L. Miles, Jr., Morris W. Offit, James F. Orr, III, Michael H. Sutton and Robert B. Willumstad are "independent" as defined under the rules of

the New York Stock Exchange and the Corporation's Director Independence Standards.

RESOLVED, that the determination of the Nominating and Corporate Governance Committee, in its business judgment, that each of Stephen F. Bollenbach, George L. Miles, Jr., Morris W. Offit, Michael H. Sutton and Robert B. Willumstad are financially literate be, and hereby is, accepted and adopted.

RESOLVED, that the determination of the Nominating and Corporate Governance Committee, in its business judgment, that at least one member of the Audit Committee as currently constituted has accounting or related financial management expertise be, and hereby is, accepted and adopted.

RESOLVED, that the determination of the Nominating and Corporate Governance Committee, in its business judgment, that a majority of the members of the Audit Committee are Audit Committee Financial Experts as defined under the rules and regulations of the Securities and Exchange Commission.

RESOLVED, that the recommendation of the Nominating and Corporate Governance Committee that Michael H. Sutton be named the Audit Committee Financial Expert as defined under the rules and regulations of the Securities and Exchange Commission for inclusion in the 2008 Proxy Statement be, and hereby is, accepted and adopted.

Mr. Miles reviewed the status of the five shareholder proposals received in connection with the Annual Meeting, and indicated that negotiations with the proponents are ongoing and AIG is awaiting the results of requests for no action letters, but at least one proposal, that dealing with cumulative voting, is expected to be included in the Proxy Statement.

Mr. Miles next presented the form of the Majority Voting Director Resignation Letter and asked for Board approval. After discussion, the Board approved the form of Majority Voting Director Resignation Letter in the form presented to the meeting.

Mr. Cohen gave the report of the Compensation and Management Resources Committee, noting that the compensation of the Chief Executive Officer will be ratified in executive session. On the recommendation of the Committee, the Board delegated to the Compensation and Management Resources Committee the authority to approve the final version of the Compensation Discussion and Analysis and related tables to be included in the Proxy Statement.

Mr. Sutton gave the report of the Audit Committee, describing the various meetings leading up to the filing of the Form 10-K, the reports from Deloitte and KPMG, and the opinions received from PwC, unqualified on the financial statements but adverse on internal control. He added that the Committee had received its first update from Liz Flynn, the new coordinator of Project FIRE. Ms. Rornetty commented that Ms. Flynn has a good sense of what needs to be done, and Management must make sure that any necessary additional resources are provided.

Mr. Willumstad next requested that the Board approve certain resolutions related to the Annual Meeting of Shareholders and the Proxy Statement. After discussion, upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the Annual Meeting of Shareholders of the Corporation (the "Annual Meeting") shall be held at 11:00 A.M., Eastern Daylight Time, on Wednesday, May 14, 2008 at the offices of the Corporation, 8th Floor, 72 Wall Street, New York for the purposes of voting upon the proposals as set forth in the proxy statement and proxy as follows:

1. To elect 13 directors of the Corporation 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 the Corporation's independent registered public accounting firm for 2008;
3. To act upon such shareholder proposals as counsel to the Corporation shall determine are appropriate to include in the proxy statement; and
4. To transact any other business that may properly come before the meeting.

RESOLVED, that Shareholders of record at the close of business on March 28, 2008 (the "Record Date") shall be entitled to notice of and to vote at the Annual Meeting and at any adjournment thereof, and that the Secretary of the Corporation be, and hereby is, authorized and directed to prepare and to cause to be mailed to shareholders of record on the Record Date, notice of such meeting;

RESOLVED, that the Notice of Annual Meeting of Shareholders, Proxy Statement, excluding the Compensation Discussion and Analysis and related compensation tables, and Proxy with respect to the Annual Meeting to be held May 14, 2008, in substantially the form presented at this meeting and attached as Exhibit A to the Minutes of this meeting be, and hereby are, approved, together with such changes to the Reports of the Audit Committee, the Compensation and Management Resources Committee and the Nominating and Governance Committee included therein that the Chairman of the respective Committee approves, together with such changes to reflect the inclusion of such shareholder proposals and statements in opposition thereto as counsel to the Corporation shall determine are appropriate to be included therein; and together with such changes, supplements or modifications

thereto as the Chairman and the President deem necessary or appropriate; and

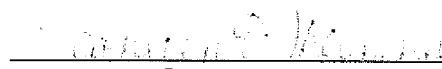
RESOLVED, that the Compensation and Management Resources Committee be and hereby is delegated the authority to approve the Compensation Discussion and Analysis and related compensation tables to be included in the Proxy Statement with respect to the Annual Meeting to be held May 14, 2008, together with such changes supplements or modifications thereto as the Chairman and the President deem necessary or appropriate.

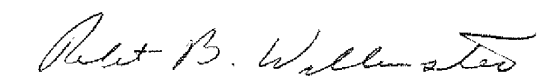
Mr. Willumstad then expressed the appreciation of the Board members to Messrs. Zarb and Cohen, who will retire in accordance with the Corporate Governance Guidelines, and Mr. Hammerman, who has declined to stand for re-election.

Messrs. Sullivan, Tse, Bensinger and Litzky and Mesdames Kelly and Shannon then left the meeting and the Non-Management directors met in executive session [with Messrs. Beattie and Gamble]. Mr. Cohen reviewed the compensation of the Chief Executive Officer, including the annual compensation and long term compensation earned in 2007 and the long-term compensation awarded in 2008, as determined by the Compensation and Management Resources Committee, and requested that the Board ratify the Committee's determination. After discussion, upon motion duly made, seconded and unanimously carried by vote of all Non-Management directors, the compensation for the CEO as approved by the Compensation and Management Resources Committee was ratified and confirmed.

The next regular meeting of the Board of Directors will be held on May 14, 2008
at 9:00 a.m. at the offices of the Corporation, 70 Pine Street, New York, New York.

There being no further business to come before the meeting, upon motion duly
made, seconded and unanimously carried, the meeting was adjourned.


Secretary


Chairman of the Board

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

EXHIBIT A

**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 ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to § 240.14a-12

☐ 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 transactions 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:

[INSERT LOGO]

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 cumulative voting for the election of directors;
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 21, 2008 will be entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 14, 2008. The Proxy Statement, Annual Report to Shareholders and other Soliciting Material is available 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 over the Internet.

[INSERT LOGO]

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

- To elect thirteen directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified.
- To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2008.
- To act upon a shareholder proposal relating to cumulative voting for the election of directors.
- To act upon a shareholder proposal relating to the reporting of political contributions.
- To transact any other business that may properly come before the meeting.

RECORD DATE You can vote if you were a shareholder of record at the close of business on March 21, 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 21, 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 Annual 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.

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VOTING INSTRUCTIONS AND INFORMATION

The enclosed proxy is solicited on behalf of the Board of Directors for use at the Annual Meeting of Shareholders of American International Group, Inc., a Delaware corporation (AIG), to be held on May 14, 2008, or at any adjournment thereof. 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 21, 2008. On that date, [XX] shares of AIG Common Stock (exclusive of shares held by AIG and certain subsidiaries) were outstanding, held by [XX] 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 meeting?

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

3. To act upon a shareholder proposal relating to cumulative voting for the election of directors.
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 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 cumulative voting for the election of directors.
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 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; or
- 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 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 21, 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 web site: 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 p.m., Eastern Daylight Savings 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 p.m., Eastern Daylight Savings 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 Savings 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 Savings 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 Savings 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 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." 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 shareholder meeting and (2) Board acceptance of such resignation. In the event that a director nominee fails to receive the required vote at the shareholder 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 shall 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 a vote "for" ratification by a majority of the shareholders voting "for" or "against" the proposal, and a broker non-vote will have no effect on the vote for ratification. Neither AIG's Restated Certificate of Incorporation, as amended, 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 impact 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 Annual Report to Shareholders and Annual Report on Form 10-K for the year ended December 31, 2007 in print by writing to American International Group, Inc., 70 Pine Street, New York, New York 10270, Attention: Investor Relations.** These documents also are available on AIG's website in the Investor Information section of 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 \$15,000 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 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 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 shall 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.

In accordance with AIG's Corporate Governance Guidelines that provides that directors shall 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 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

*Director, KB Home
Time Warner Inc.
Macy's, Inc.*

MARTIN S. FELDSTEIN

Director since 1987

**Professor of Economics, Harvard University;
President and Chief Executive Officer,
National Bureau of Economic Research
(a nonprofit economic research center)**

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.)*

**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.
WESCO International, Inc.
HFF, 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. 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. Prior to joining AIG in January 2008, 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.

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 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 www.aigcorporate.com and are included as Appendices A, B, C, D, E, F and G, respectively.

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, through the Corporate Governance section of 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 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 of 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 of 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 at the beginning and at the end of 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 Nominating and Corporate Governance Committee in making its recommendations to the Board.

Directors are expected to attend the Annual Meeting. All then-current directors attended the 2007 Annual 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 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 emailing 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.

Committee Organization and Operation

Committee Charter. The Committee's charter is available on AIG's corporate website at www.aigcorporate.com and is included as Appendix B.

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

Fifteen directors were elected at the meeting of AIG's shareholders in May 2007. In light of the pending retirement of Messrs. Cohen and Zarb, Mr. Bollenbach was nominated and elected 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 thirteen 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 and 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".

As noted above, Mr. Bollenbach was elected to the Board of Directors in January 2008. Mr. Bollenbach was identified to the Committee by Heidrick & Struggles, an executive search firm.

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 eleven 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 also 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's common stock at the required level, such director is required to retain the shares of AIG's 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.

Amendment of By-laws for Majority Voting. 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 at 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.

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 Board committee of the Board and the number of committee meetings held in 2007. On January 17, 2007, Ms. Rometty joined the Compensation and Management Resources Committee, Mr. Langhammer joined the Finance Committee and Mr. Feldstein joined the Regulatory, Compliance and Legal Committee. Mr. Bollenbach became a member of the Board and the Audit Committee on January 16, 2008. Mr. Offit joined the Public Policy and Social Responsibility Committee on November 14, 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	✓					
Marshall A. Cohen		✓	✓(C)			
Martin S. Feldstein				✓		✓
Ellen V. Futter		✓				✓
Stephen L. Hammerman					✓	✓(C)
Richard C. Holbrooke					✓(C)	
Fred H. Langhammer			✓	✓		
George L. Miles, Jr.	✓	✓(C)			✓	
Morris W. Offit	✓			✓(C)	✓	
James F. Orr, III		✓	✓			
Virginia M. Rometty			✓			
Martin J. Sullivan				✓		
Michael H. Sutton	✓(C)					✓
Edmund S.W. Tse						
Robert B. Willumstad	*	*	*	*	*	*
Frank G. Zarb	*	*	*	*	*	*
Number of meetings	14	6	9	10	4	6

✓ = 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; 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 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 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 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 CEO (subject to ratification 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 on AIG's corporate website, at www.aigcorporate.com. The Committee charter is included as Appendix C.

[Eighteen] key employees are currently under the purview of the Compensation and Management Resources Committee, including all of the executive officers named in the 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. The Compensation and Management Resources Committee reviews and approves the compensation of the employees under its purview. Mr. Sullivan participates in the approval process for employees 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 CEO.

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. 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, which oversees the financing and investment activities of AIG and its subsidiaries, held 10 meetings during 2007. The Committee's charter is included as Appendix D.

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 included as Appendix F. 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 included as Appendix G.

COMPENSATION OF DIRECTORS

Each non-management director of AIG receives a retainer of \$75,000 per year. The Chairman of the Board receives an additional annual retainer of \$200,000, and Mr. Zarb received an additional annual retainer of \$150,000. Neither the Chairman, as an *ex-officio* member of all standing committees, nor Mr. Zarb, as a non-voting member of all standing committees, receives committee annual retainers or committee meeting attendance fees. Other non-management directors receive annual committee retainers and committee meeting attendance fees of \$1,500 per meeting. Directors who by invitation attend meetings of committees of which they are not members and non-management directors who attend meetings of AIG's International Advisory Board also receive attendance fees of \$1,500 per meeting. The chairman of the Audit Committee receives an annual committee retainer of \$25,000. The chairman of each of the other committees receives an annual committee retainer of \$15,000. For each other member of each committee, the annual committee retainer is \$5,000. See "Committees" for information on 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 per year in an annual grant, which become exercisable after one year and 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.

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 share value on the date of the award. DSUs are awarded under the 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 under the 2007 Stock Incentive Plan. 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 shares of common stock that underlie the DSUs had been outstanding.

Under director stock ownership guidelines adopted by the Board in 2007, directors should own at least 10,000 shares of AIG common stock (which includes deferred stock and DSUs). Until such time as a director achieves beneficial ownership of AIG's common stock at the required level, such director is required to retain the shares of AIG's 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 Mr. Miles is currently the only member. 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-Based Awards(2)			All other Compensation(3)	Total
		Deferred Stock	Deferred Stock Units	Stock Options		
Marshall A. Cohen.....	\$192,500	\$[]	\$[]			\$
Martin S. Feldstein	\$113,750	\$[]	\$[]			\$
Ellen V. Futter.....	\$103,000	\$[]	\$[]			\$
Stephen L. Hammerman.....	\$114,500	\$[]	\$[]			\$
Richard C. Holbrooke...	\$105,000	\$[]	\$[]			\$
Fred H. Langhammer...	\$118,000	\$[]	\$[]			\$
George L. Miles, Jr.	\$139,000	\$[]	\$[]			\$
Morris W. Offit	\$140,118	\$[]	\$[]			\$
James F. Orr, III	\$ 42,250	\$[]	\$[]			\$
Virginia M. Rometty	\$ 93,750	\$[]	\$[]			\$
Michael H. Sutton	\$142,500	\$[]	\$[]			\$
Robert B. Willumstad....	\$275,000	\$[]	\$[]			\$
Frank G. Zarb.....	\$225,000	\$[]	\$[]			\$

- (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 Political Risk: Cohen—\$39,000; Holbrooke—\$7,500; Offit—\$4,500; and Sutton—\$1,500.

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

- (2) These columns represent the expense in accordance with FAS 123R of options granted by AIG in 2006 and other stock-based awards granted by AIG in 2007. The amount recognized for the options was calculated based on AIG's binomial option-pricing model, using the assumptions described in Note 17 to the Consolidated Financial Statements included in AIG's audited Consolidated Financial Statements in AIG's Annual Report on Form 10-K for the year ended December 31, 2007. The amount recognized for the other awards was determined in accordance with FAS 123R. The grant date fair values for both 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, July [], 2007 and October [], 2007, AIG made grants of DSUs representing 1,725, [] and [] shares, respectively. The grant date fair values in accordance with FAS 123R of these stock-based awards are: January 3, 2007—\$72.15 per share; April 2, 2007—\$67.15 per share, May 16, 2007—\$72.46 per share July [], 2007—\$[] per share and October [], 2007—\$[] per share. Receipt of deferred stock and shares underlying DSUs is deferred until the director ceases to be a member of the Board.

- (3) Represents DSUs awarded as dividend equivalents.

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

Stock and Option Awards Outstanding at December 31, 2007

	Option Awards(1)			
	Number Exercisable	Number Unexercisable	Deferred Stock(2)	Deferred Stock Units(3)
<u>Non-Management Members of the Board in 2007</u>				
Marshall A. Cohen	20,500	0	2,875	1,734
Martin S. Feldstein	20,500	0	2,875	1,734
Ellen V. Futter	20,500	0	2,875	1,734
Stephen L. Hammerman	5,000	0	2,000	1,734
Richard C. Holbrooke	17,500	0	2,875	1,734
Fred H. Langhammer	5,000	0	1,500	1,734
George L. Miles, Jr.	5,000	0	1,875	1,734
Morris W. Offit	5,000	0	1,875	1,734
James F. Orr, III	2,500	0	1,000	1,734
Virginia M. Rometty	2,500	0	750	1,734
Michael H. Sutton	5,000	0	1,625	1,734
Robert B. Willumstad	5,000	0	1,500	1,734
Frank G. Zarb	17,500	0	2,875	1,734

- (1) These columns represent each director's outstanding option awards as of December 31, 2007. These awards consist of options granted by AIG in 2006 and prior years.
- (2) This column represents each non-management director's total deferred stock awards including 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) This column represents each non-management director's total outstanding DSUs as of December 31, 2007. For each non-management director, the number of DSUs 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's Common Stock.

<u>Name and Address</u>	<u>Shares of Common Stock Beneficially Owned</u>	
	<u>Number</u>	<u>Percent(1)</u>
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.; 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 (the 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 (the 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 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	134,175	(4)
Stephen F. Bollenbach	2,503	(4)
Marshall A. Cohen	75,538	(4)
Martin S. Feldstein	71,582	(4)
Ellen V. Futter	26,171	(4)
Stephen L. Hammerman	11,740	(4)
Richard C. Holbrooke	27,014	(4)
Fred H. Langhammer	48,617	(4)
George L. Miles, Jr.	8,615	(4)
Win J. Neuger	339,626	(4)
Morris W. Offit	23,615	(4)
James F. Orr	20,617	(4)
Virginia M. Rometty	5,310	(4)
Robert M. Sandler	584,189	(4)
Martin J. Sullivan	417,467	(4)
Michael H. Sutton	11,365	(4)
Edmund S.W. Tse	1,727,160	
Robert B. Willumstad	8,240	(4)
Frank G. Zarb	27,115	(4)
All Directors and Executive Officers of AIG as a Group (31 individuals)		[.25]

- (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, Bollenbach—0 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, Zarb—17,500 shares, and all directors and current executive officers of AIG as a group—7,906,372 shares. Amount of equity securities shown also includes: (i) shares granted to each non-employee director with delivery deferred until retirement from the Board as follows: Bollenbach—0 shares, 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) Deferred Stock Units 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 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, Zarb—6,245 shares, and all directors and current executive officers of AIG as a group—31,004 shares.

(4) Less than .01 percent.

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 concerning their ownership of AIG equity securities. Based solely on the review of the Forms 3, 4 and 5 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, and Sandler and Tse reflecting the grant of 2,016 RSUs, 630 RSUs, 15,311 RSUs and 22,404 RSUs, respectively, on December 13, 2007; and [] late report by individuals and entities in the Starr Group reflecting [] of [] by [].

RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Co-Investments with AIG [TO REVISE]

AIG has established an employee investment fund 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.]

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 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 and Frederic W. Cook & Co. 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 and related compensation tables:
[TO COME]

REPORT OF AUDIT COMMITTEE AND RATIFICATION OF SELECTION OF ACCOUNTANTS

REPORT OF THE AUDIT COMMITTEE

Management is responsible for the preparation, presentation and integrity of AIG's financial statements, for its accounting and financial reporting principles and for the establishment and effectiveness of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for performing an independent audit of the financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States), expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles and auditing management's assessment of the effectiveness of internal control over financial reporting. In addition, PricewaterhouseCoopers LLP will express its own opinion on the effectiveness of AIG's internal control over financial reporting. The independent auditors have free access to the Audit Committee to discuss any matters they deem appropriate. During 2007, the PricewaterhouseCoopers LLP engagement team spent a significant amount of time with the Audit Committee.

Committee Organization and Operation

The Audit Committee's function is to assist the Board of Directors in its oversight of:

- The integrity of AIG's financial statements;
- AIG's internal control over financial reporting;
- AIG's compliance with legal and regulatory requirements;
- The independent accountants' qualifications, independence and performance; and
- The performance of AIG's internal audit function.

The Committee's charter is available on AIG's corporate website, at www.aigcorporate.com.

The Audit Committee held 14 meetings during 2007. The Audit Committee Chairman and members of the Committee also held numerous meetings with AIG's Director of Internal Audit, AIG's independent registered public accounting firm (PricewaterhouseCoopers LLP) and outside counsel throughout 2007. The Audit Committee Chairman and members of the Committee, accompanied by the Director of Internal Audit, visited various operating units of AIG during 2007.

Independence. The Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, has determined that all members of the Committee are independent, as required by NYSE listing standards and SEC rules.

Expertise. The Board of Directors has also determined, on the recommendation of the Nominating and Corporate Governance Committee, that all members of the 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 the 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 or for any other purpose. Mr. Sutton does not have any responsibilities or obligations in addition to those of the other Audit Committee members; all Audit Committee members have the identical duties and responsibilities.

Audited Financial Statements

In the performance of its oversight function, the Committee has considered and discussed the 2007 audited financial statements with management and PricewaterhouseCoopers LLP, including a discussion of the quality, and not just the acceptability, of the accounting principles, the reasonableness of

significant judgments, clarity of the disclosures and the condition of internal controls over financial reporting. The Committee has reviewed with the Director of Internal Audit and the PricewaterhouseCoopers LLP engagement team the scope and plans for their respective audits and has met with each of the Director of Internal Audit and senior engagement partners of PricewaterhouseCoopers LLP, with and without management present, to discuss audit results, their evaluations of AIG's internal controls and the overall quality of AIG's financial reporting. The Committee has also discussed with PricewaterhouseCoopers LLP the matters required to be discussed by AU §380A, "Communication with Audit Committees". Finally, the Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as currently in effect, and has discussed with PricewaterhouseCoopers LLP its independence.

Based upon the reports and discussion described in this report, the Audit Committee, in accordance with its responsibilities, recommended to the Board of Directors, and the Board approved, inclusion of the audited financial statements for the year ended December 31, 2007 in AIG's Annual Report on Form 10-K filed with the SEC.

Request for Proposal Process

During 2007, the Audit Committee spent a significant amount of time engaged in the Request for Proposal process with respect to AIG's audit for 2008, conducted in accordance with AIG's 2006 settlement with the Attorney General of the State of New York. The Committee approved the protocols for the design and execution of a thorough and objective selection process. The Committee provided guidance to the Management Steering Committee which met with the accounting firms that participated in the process, analyzed the capabilities of each firm and the benefits and risks associated with engaging each of them and presented their findings to the Committee. The Committee discussed those findings and considered the resulting recommendations from Management. Finally, the Committee received and reviewed the proposals submitted by the participating firms, heard oral presentations and questioned the firms with respect to their proposals and capabilities. The Committee concluded that although each of the firms that participated in the Request for Proposal process was well qualified to serve AIG, it was in the best interests of AIG shareholders that PricewaterhouseCoopers LLP be reappointed as AIG's independent auditor for 2008.

As a result of their experience with the Request for Proposal process, the Audit Committee recommended to the Nominating and Governance Committee, which thereafter recommended to the Board and the Board approved that the Audit Committee Charter be amended to provide that the Audit Committee will consider at least every three years (or more frequently if the Audit Committee deems appropriate) whether to conduct a formal Request for Proposal regarding the appointment of the independent auditor for AIG.

Remediation Activities

Throughout 2007 and continuing in 2008, under the direction of AIG's senior management, AIG has been actively engaged in the implementation of remediation efforts to address the material weakness in controls over income tax accounting that was in existence at December 31, 2006. AIG's remediation efforts were governed by a Steering Committee, under the direction of AIG's Chief Risk Officer and also including AIG's Chief Executive Officer, Chief Financial Officer and Comptroller. Management reviewed the status of remediation of the weakness with the Committee, which was advised of issues encountered and key decisions reached by AIG management relating to the remediation efforts. The senior engagement partner of PricewaterhouseCoopers LLP and the Director of Internal Audit also discussed remediation status with the Audit Committee in separate executive sessions on a regular basis.

Prior material weakness. As a result of these remediation activities, management determined that, as of December 31, 2007, the material weakness relating to the controls over income tax accounting had been remediated.

During 2007, AIG management took the following actions to remediate this material weakness:

- Implemented standard key controls to review and monitor the income tax provision and related income balances at applicable AIG business units globally and parent company, and conducted testing of the controls to verify their effectiveness,
- Completed the evaluation and reconciliation of certain historical balance sheet income tax accounts at applicable AIG business units globally and parent company, as well as a more detailed financial state exposure analysis of income tax balances,
- Hired additional qualified staff, including Tax Directors and Tax Accountants, at designated business globally and parent company, and
- Continued the development and dissemination of income tax accounting training and education program at parent company and business unit levels through site visits and training conferences.

AIG continues to develop further enhancements to its controls over income tax accounting at certain business units.

Conclusion

Throughout AIG's remediation process, the Committee has remained focused on overseeing AIG's significant efforts both in remediating the material weaknesses and in improving AIG's internal controls over its financial reporting, closing and consolidation processes and investment accounting and has received assurances from management and the Director of Internal Audit that the current substantive alternative procedures performed and compensating controls in place are sufficient to ensure that the financial statements for the year ended December 31, 2007 are accurate in all material respects. The Committee believes that AIG's remediation efforts should be focused on sustainable control processes. Management has informed the Committee that AIG intends to reduce its reliance on the manual controls that have been established. Under the direction of AIG's senior management, AIG is currently developing new systems and processes designed to allow it to rely on front-end detection and preventive controls which will be more sustainable over the long term. Management has confirmed to the Committee that it is committed to this approach, which has required (and will continue to require) significant time and effort on the part of management, the addition and retention of qualified staff dedicated to maintaining appropriate controls and procedures and significant investment in systems and processes.

During 2008, the Committee will continue its oversight of AIG's efforts in improving AIG's internal control over its financial reporting, closing and consolidation processes and investment accounting. The Committee will also oversee AIG's remediation plan and activities relating to the material weakness in internal controls over the valuation of the AIG Financial Products Corp. super senior credit default swap portfolio and oversight thereof. AIG management continues to assign the highest priority to AIG's remediation efforts in this area, with the goal of remediating this material weakness by year-end 2008.

Audit Committee
American International Group, Inc.

Michael H. Sutton, Chairman
George L. Miles, Jr.
Morris W. Offit

RATIFICATION OF SELECTION OF PRICEWATERHOUSECOOPERS LLP

The Audit Committee and the Board of Directors have approved the engagement of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2008. As discussed in the Report of the Audit Committee above, the selection of PricewaterhouseCoopers LLP was the result of a Request for Proposal process. Representatives of that firm are expected to be present at the 2008 annual meeting and will have an opportunity to make a statement if they desire to do so and to be available to respond to appropriate questions.

Ratification of the selection of accountants requires approval by a majority of the shareholders voting "for" or "against" the proposal. Neither AIG's Restated Certificate of Incorporation, as amended, 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.

Under AIG's policy for pre-approval of audit and permitted non-audit services by PricewaterhouseCoopers LLP, the Audit Committee approves categories of services and fee caps for each category. The pre-approved services include: audit services, such as financial statement audits, regulatory filings and attestation services; audit-related services, such as employee benefit plan audits, due diligence, control reviews and GAAP consultations; tax services, such as tax compliance and consulting, transfer pricing, customs and duties and expatriate tax services; and other permitted non-audit services, such as information resources and training. No expenditure may exceed the dollar caps without the separate specific approval of the Audit Committee.

Throughout 2007, the Audit Committee has spent a significant amount of time with the PricewaterhouseCoopers LLP engagement team, which is led by the head of the PricewaterhouseCoopers LLP Financial Services Practice and is staffed with experienced PricewaterhouseCoopers LLP financial services and insurance partners assigned to each of the four AIG reporting segments. The matters discussed with PricewaterhouseCoopers LLP included PricewaterhouseCoopers LLP's experience and knowledge of each of the AIG business units and their respective financial reporting and controls, as well as the significant accounting principles and policies that affect AIG's financial reporting. The Audit Committee also regularly discussed with PricewaterhouseCoopers LLP their overall assessment of AIG's internal controls and AIG's remediation efforts during 2007. In 2008, the Audit Committee has discussed with PricewaterhouseCoopers LLP their conclusion that at December 31, 2007 AIG had a material weakness in internal control over financial reporting and oversight relating to the fair value valuation of the AIG Financial Products Corp. super senior credit default swap portfolio and their recommendations with respect to remediation of this material weakness. As a result of the Committee's direct knowledge of and experience with the PricewaterhouseCoopers LLP engagement team and its performance, as well as the Request for Proposal process, the Audit Committee has recommended the appointment of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for the fiscal year ended December 31, 2008.

Your Board of Directors recommends a vote **FOR** the proposal to ratify the selection of PricewaterhouseCoopers LLP.

FEES PAID TO PRICEWATERHOUSECOOPERS LLP

The following table shows the fees paid by AIG to PricewaterhouseCoopers LLP in 2007 and 2006.

	2007 (in millions)	2006 (in millions)
Fees paid by AIG:		
Audit fees.....	\$(89.1)	\$87.7
Audit-related fees (a).....	[8.0]	4.2
Tax fees (b).....	[12.4]	11.6
All other fees (c).....	[4.8]	4.2

- (a) Audit-related fees are fees in respect of assurance and related services that are traditionally performed by independent accountants, including: employee benefit plan audits; due diligence related to mergers and acquisitions; accounting consultations and audits in connection with acquisitions; internal control reviews; and consultation concerning financial accounting and reporting standards.
- (b) Tax fees are fees in respect of tax return preparation and consultation on tax matters (including tax return preparation and consultation on tax matters for expatriate employees), tax advice relating to transactions and other tax planning and advice.
- (c) All other fees include: assistance with information technology; providing access to information resources; training; reports on internal controls pursuant to Statement on Auditing Standards No. 70, "Service Organizations"; and compliance reviews under CFA Institute.

The services provided by PricewaterhouseCoopers LLP and the fees paid by AIG were authorized and approved by the Audit Committee in compliance with the pre-approval policy and procedures described above. None of the non-audit services performed by PricewaterhouseCoopers LLP were approved under the SEC's de minimis exception to audit committee pre-approval.

Equity Compensation Plan Information

The following table provides information about AIG shares that may be issued under compensation plans as of December 31, 2007.

Equity Compensation Plan Information

	<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)(2)</u>	<u>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(1)</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the Second Column)</u>
Equity compensation plans approved by security holders	1991 Employee Stock Option Plan	2,370,256	\$[]	0(5)
	Amended and Restated 1999 Stock Option Plan	22,576,562	\$[]	0(5)
	Amended and Restated 2002 Stock Incentive Plan	[](3)	\$[](4)	(5)
	Director Stock Plan	26,375	\$64.64	0
	2007 Stock Incentive Plan	[](6)	[](7)	[](8)
Total		[]	\$[](7)	22,371,849

(1) At December 31, 2007, options with respect to [19,633,777] shares were outstanding as a result of AIG's assumption of options granted by entities acquired by AIG, at a weighted average option exercise price of \$48.86 per share. AIG has not made, and will not make, any future grants or awards of equity securities under the plans of these acquired companies.

(2) In addition, at December 31, 2007, AIG was obligated to issue [8,382,632] shares in connection with previous exercises of options with delivery deferred.

(3) Includes shares reserved for issuance in connection with RSUs granted in 2007 and to be granted in future years under the DCPPP and shares reserved for issuance in connection with 2006 and 2007 Performance RSUs [(at maximum payout levels)] granted in 2006 under the Partners Plan.

(4) Weighted average value of restricted stock units at date of grant. [Excludes RSUs to be granted in future years under the DCPPP and 2007 and 2008 Performance RSUs granted under the Partners Plan.]

(5) No future awards will be made under these plans, which were replaced by the 2007 Stock Incentive plan.

(6) [Includes shares reserved for issuances in connection with 2008 Performance RSUs at [target] payout levels granted in 2007 under the Partners Plan.

(7) [Weighted average exercise price of options granted in 2007. Excludes 2008 Performance RSUs granted in 2007 under the Partners Plan.]

(8) Excludes RSUs and deferred shares.

SHAREHOLDER PROPOSALS

Some of the statements in the following proposals contain assertions about AIG and its directors that AIG believes are incorrect. AIG has decided not to refute these inaccuracies. Rather, AIG's Board of Directors has recommended a vote against the proposals for broader policy reasons as set forth following each of the proposals.

SHAREHOLDER PROPOSAL 1

Kenneth Steiner, 14 Stoner Ave., 2M, Great Neck, NY 11201, represented by John Chevedden, has notified AIG in writing that he intends to submit the following proposal at this year's meeting:

[3 – Cumulative Voting]

RESOLVED: Cumulative Voting. Shareholders recommend that our Board adopt cumulative voting. Cumulative voting means that each shareholder may cast as many votes as equal to number of shares held, multiplied by the number of directors to be elected. A shareholder may cast all such cumulated votes for a single candidate or split votes between multiple candidates, as that shareholder sees fit. Under cumulative voting shareholders can withhold votes from certain nominees in order to cast multiple votes for others.

Cumulative voting won 54%-support at Aetna and 56%-support at Alaska Air in 2005. It also received 55%-support at General Motors (GM) in 2006. The Council of Institutional Investors www.cii.org has recommended adoption of this proposal topic. CalPERS has also recommend a yes-vote for proposals on this topic.

Cumulative voting encourages management to maximize shareholder value by making it easier for a would-be acquirer to gain board representation. Cumulative voting also allows a significant group of shareholders to elect a director of its choice – safeguarding minority shareholder interests and bringing independent perspectives to Board decisions. Most importantly cumulative voting encourages management to maximize shareholder value by making it easier for a would-be acquirer to gain board representation.

Kenneth Steiner, Great Neck, New York, said the merits of this proposal should also be considered in the context of our company's overall corporate governance structure and individual director performance. For instance in 2007 the following structure and performance issues were reported:

- The Corporate Library <http://www.thecorporatelibrary.com>, an independent investment research firm rated our company:
 - "D" in Corporate Governance.
 - "High Governance Risk Assessment"
 - "Very High Concern" in executive pay – CEO pay of \$21 million a year.
 - "High Concern" in accounting. Plus CEO compensation was not adequately performance-based.
- Even though we had a principle shareholder an amazing 53% of our Board received from 17% to 22% withhold votes in 2007 including:
 - Mr. Sullivan
 - Mr. Feldstein
 - Mr. Cohen
 - Ms. Futter
 - Mr. Holbrooke
 - Mr. Tse
 - Mr. Offit
 - Mr. Zarb

Additionally:

- Mr. Feldstein and Ms. Futter were designated as "Accelerated Vesting" directors by The Corporate Library. This was due to their involvement with boards that sped up the vesting of stock options in order to avoid recognizing the related cost.
- The company 2007 proxy raised a question on whether it was competently proofread.
- Two directors had 15 or 20-years tenure – Independence concern:
Mr. Feldstein
Mr. Cohen
- Three of our directors also served on boards rated D by the Corporate Library:
 - 1) Mr. Sutton Krispy Kreme (KKD)
 - 2) Mr. Cohen Barrick Gold (ABX)
 - 3) Mr. Feldstein Eli Lilly (LLY)

The above concerns shows there is room for improvement and reinforces the reason to take one step forward now and encourage our board to respond positively to this proposal:

Cumulative Voting

Yes on 3

AIG'S STATEMENT IN OPPOSITION

Your Board of Directors opposes this proposal. Your Board of Directors believes that cumulative voting is not in the best interests of the Company AIG and its shareholders. Directors should be elected by a majority of the shareholders, and cumulative voting allows a minority (often a discontented shareholder or group) to elect one or more particular directors who would serve the minority's narrow interest. Such a director elected by a minority could face a conflict between the fiduciary duty owed to all shareholders as a whole and the allegiance the director will feel to the special interest group that elected him or her. Cumulative voting also allows minority shareholders a voice in director elections that is disproportionate to their economic investment in a company.

AIG has recently adopted majority voting in uncontested elections, which is inconsistent with cumulative voting. ~~The present system utilized by AIG and most leading corporations prevents the "stacking" of votes behind potentially partisan directors. The present system thus promotes the election of a more effective Board of Directors in which each director represents the interests of the shareholders as a whole, and not the special interests of a minority.~~ For companies that have majority voting and also have cumulative voting, the effect of abstentions and broker non-votes is magnified and can lead to results that are self-serving to a minority but detrimental for the majority. Moreover, a majority of public companies have eliminated or do not have cumulative voting.

Approval of this proposal requires approval by a majority of the outstanding shares of AIG Common Stock.

Your Board of Directors recommends a vote **AGAINST** this proposal.

SHAREHOLDER PROPOSAL 2

Lauren Compere, Director of Shareholder Advocacy, Boston Common Asset Management, LLC has notified AIG in writing that it intends to submit the proposal below at this year's meeting. The same proposal was received from The Community Church of New York. The proposal is as follows:

Resolved that, that the shareholders of American International Group, Inc. ("Company") hereby request that the Company provide a report, updated semi-annually, disclosing the Company's:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
2. Monetary and non-monetary political contributions and expenditures not deductible under section 162 (e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates; political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made directly by the corporation would not be deductible under section 162 (e)(1)(B) of the Internal Revenue Code. The report shall include the following:
 - a. An accounting of the Company's funds that are used for political contributions or expenditures as described above;
 - b. Identification of the person or persons in the Company who participated in making the decisions to make the political contribution or expenditure; and
 - c. The internal guidelines or policies, if any, governing the Company's political contributions and expenditures.

The report shall be presented to the board of directors' audit committee or other relevant oversight committee and posted on the company's website to reduce costs to shareholders.

Stockholder Supporting Statement

As long-term shareholders of American International Group, Inc., we support transparency and accountability in corporate spending on political activities. These activities include direct and indirect political contributions to candidates, political parties or political organizations; independent expenditures; or electioneering communications on behalf of a federal, state or local candidate.

Disclosure is consistent with public policy and in the best interest of the company and its shareholders. Absent a system of accountability, company assets can be used for policy objectives that may be inimical to the long-term interests of may pose risks to the company and its shareholders

American International Group, Inc. contributed at least \$3.3 million in corporate funds since the 2002 election cycle. (CQ's PoliticalMoneyLine, available at <http://moneyline.cq.com/pml/home> and National Institute on Money in State Politics, available at <http://www.followthemoney.org/index/phtml>)

However, relying on publicly available data does not provide a complete picture of the Company's political expenditures. For example, the Company's payments to trade associations used for political activities are undisclosed and unknown. In many cases, even corporate management does not know how trade associations use their company's money politically. The proposal asks the Company to disclose all of its political contributions, including payments to trade associations and other tax exempt organizations. This would bring our Company in line with a growing number of leading companies, including Pfizer, Aetna and American Electric Power that support political disclosure and accountability and disclose this information on their websites.

The Company's Board and its shareholders need complete disclosure to be able to fully evaluate the political use of corporate assets. Thus, we urge your support for this critical governance reform.

AIG'S STATEMENT IN OPPOSITION

Your Board of Directors opposes this proposal. Implementation of this proposal would ~~be costly and would not provide any~~ discernible benefit to shareholders; ~~and would cause AIG to expend unnecessary resources.~~ AIG is fully committed to complying with all applicable federal and state laws concerning political contributions. Information about AIG and its employees' contributions through AIG's employee-funded political action committee ("PAC") to political candidates, political committees and other political organizations is publicly available, with certain data disclosed online with the Federal Election Commission and under AIG's *Policy on Political Contribution and Political Activity* at <http://livpwsb13.aig.com/cfcompliance/polcontrib.pdf>. Additional information with respect to AIG's policies on political contributions and AIG's ~~employee-funded political action committee ("PAC")~~ PAC is at ~~http://aig.com~~ [http://aig.com](#) ~~[website address linking to the AIG Political Contributions and Activities Statement]~~.

AIG has a long history of ~~charitable giving, which is~~ participating in the political process for the benefit of AIG and its shareholders ~~alike, and encouraging.~~ AIG also encourages its employees to participate in community affairs and to participate in the political process. Pursuant to AIG's Corporate Governance Guidelines, AIG management provides the Public Policy and Social Responsibility Committee with a report, at least annually, with respect to all political and PAC contributions that have been made by AIG and its subsidiaries since the last such report and then, on at least an annual basis, ~~the~~ that Committee reports to the Board with respect to such contributions. ~~Likewise~~ In addition, all political and PAC contributions ~~by the PAC are reported to the Public Policy and Social Responsibility Committee at least annually~~ are approved by the AIG Corporate Affairs Department and other senior management personnel. This process ensures that political contributions are made in accordance with AIG's policies.

~~Adoption of the proposal would require AIG to unnecessarily expend resources to provide a report disclosing information that is already otherwise publicly available. The proposal would also require disclosure of AIG personnel participating in making the decision for each and every political contribution. Such requirements are burdensome and intrusive and interfere with the efficient management of AIG.~~

~~AIG already provides~~ Substantially all the essential information that would be included in the report requested by the proposal is available from public sources and the Public Policy and Social Responsibility Committee already monitors political contributions of AIG and its subsidiaries and the PAC. Accordingly, the adoption of the proposal is unnecessary and would result in increased costs without providing any additional meaningful information or benefit to AIG's shareholders.

Approval of this proposal requires approval by a majority of the shares of AIG Common Stock present and entitled to vote at the meeting.

Your Board of Directors recommends a vote **AGAINST** this proposal.

OTHER MATTERS

OTHER MATTERS TO BE PRESENTED AT THE 2008 ANNUAL MEETING

Your Board of Directors knows of no other matters to be presented at the meeting. If any other matters properly come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the proxy in accordance with their judgment on such matters.

SHAREHOLDER PROPOSALS FOR 2009 ANNUAL MEETING

All suggestions from shareholders are given careful attention. Proposals intended for inclusion in next year's Proxy Statement pursuant to SEC Rule 14a-8 should be sent to the Secretary of AIG at 70 Pine Street, New York, New York 10270 and must be received by December [6], 2008. Under the AIG By-laws, notice of any other shareholder proposal or the nomination of a candidate for election as a director to be made at the 2009 Annual Meeting of Shareholders must be received not less than 90 nor more than 120 days prior to May 14, 2009 unless the 2009 Annual Meeting is not scheduled to be held on a date between April 16, 2009 and June 15, 2009, in which case notice must be received no less than the later of 90 days prior to the date on which such meeting is scheduled or 10 days after the date on which such meeting date is first publicly announced. A copy of the current AIG By-laws may be obtained from the Secretary of AIG.

INCORPORATION BY REFERENCE

To the extent that this Proxy Statement has been or will be specifically incorporated by reference into any other filing by AIG under the Securities Act or the Exchange Act, the sections of this Proxy Statement entitled "Compensation and Management Resources Committee Report", "Report of the Audit Committee" (to the extent permitted by the SEC rules), "Report of the Nominating and Corporate Governance Committee", and the Appendices to the Proxy Statement, shall not be deemed to be so incorporated, unless specifically otherwise provided in such filing.

IMPORTANT NOTICE REGARDING DELIVERY OF SHAREHOLDER DOCUMENTS

In accordance with a notice sent to certain shareholders of AIG Common Stock who hold AIG Common Stock through a broker or otherwise through a nominee and who share a single address, only one copy of this Notice of Annual Meeting of Shareholders and Proxy Statement and AIG's 2007 Annual Report to Shareholders is being sent to that address unless AIG receives contrary instructions from any shareholder at that address. This practice, known as "householding", is designed to reduce printing and postage costs. However, if any shareholder residing at such address wishes to receive a separate copy of this Notice of Annual Meeting and Proxy Statement or AIG's Annual Report to Shareholders, he or she may contact the AIG Director of Investor Relations at 70 Pine Street, New York, New York 10270, 212-770-6293, and AIG will deliver those documents to such shareholder promptly upon receiving the request. Any such shareholder may also contact the AIG Director of Investor Relations if he or she would like to receive separate proxy materials and annual reports in the future. If a shareholder receives multiple copies of AIG's proxy materials and annual reports, he or she may request householding in the future by contacting the AIG Director of Investor Relations.

PROXY SOLICITATION

AIG will bear the cost of this solicitation of proxies. Proxies may be solicited by mail, 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 [\$15,000] 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.