

AMERICAN INTERNATIONAL GROUP INC
Form PRE 14A
March 17, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

American International Group, Inc.

(Name of Registrant as Specified in its Charter)

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

Payment of filing fee (Check the appropriate box):

- No fee required.
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- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

**Preliminary Proxy Materials
Subject to Completion**

AMERICAN INTERNATIONAL GROUP, INC.
180 Maiden Lane, New York, N.Y. 10038

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 11, 2011**

[MAILING DATE], 2011

To the Shareholders of
AMERICAN INTERNATIONAL GROUP, INC.:

The Annual Meeting of Shareholders of AMERICAN INTERNATIONAL GROUP, INC. (AIG) will be held at 180 Maiden Lane, 3rd Floor, New York, New York, on May 11, 2011, at 11:00 a.m., for the following purposes:

1. To elect the fourteen nominees specified under Election of Directors as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;
2. To vote upon a non-binding shareholder resolution to approve executive compensation;
3. To act upon a proposal to amend AIG's Amended and Restated Certificate of Incorporation to restrict certain transfers of AIG Common Stock in order to protect AIG's tax attributes;
4. To act upon a proposal to ratify the American International Group, Inc. Tax Asset Protection Plan;
5. To act upon a proposal to ratify the selection of PricewaterhouseCoopers

LLP as AIG's
independent registered
public accounting firm
for 2011;

6. To act upon a
shareholder proposal
relating to restricting
hedging transactions; and
7. To transact any other
business that may
properly come before the
meeting.

Shareholders of record at the close of business on March 18, 2011 will be entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 11, 2011. The Proxy Statement, Annual Report to Shareholders and other Soliciting Material are available in the Investor Information section of AIG's corporate website at www.aigcorporate.com.

By Order of the Board of Directors
JEFFREY A. WELIKSON
Secretary

If you plan on attending the meeting, please remember to bring photo identification with you. In addition, if you hold shares in street name and would like to attend the 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 18, 2011. If you cannot be present at the meeting, please sign and date the enclosed proxy and return it at once in the accompanying postage prepaid envelope or vote your shares by telephone or through the Internet.

**Preliminary Proxy Materials
Subject to Completion**

AMERICAN INTERNATIONAL GROUP, INC.
180 Maiden Lane, New York, N.Y. 10038

PROXY STATEMENT

[MAILING DATE], 2011

TIME AND DATE	11:00 a.m. on Wednesday, May 11, 2011.
PLACE	180 Maiden Lane, 3rd floor, New York, New York 10038.
MAILING DATE	These materials are being mailed to shareholders of AIG commencing on or about [MAILING DATE], 2011.
ITEMS OF BUSINESS	<p>To elect the fourteen nominees specified under Election of Directors as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;</p> <p>To vote upon a non-binding shareholder resolution to approve executive compensation;</p> <p>To act upon a proposal to amend AIG's Amended and Restated Certificate of Incorporation to restrict certain transfers of AIG Common Stock in order to protect AIG's tax attributes;</p> <p>To vote upon a proposal to ratify the American International Group, Inc. Tax Asset Protection Plan;</p> <p>To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2011;</p> <p>To act upon a shareholder proposal relating to restricting hedging transactions; and</p> <p>To transact any other business that may properly come before the meeting.</p>
RECORD DATE	You can vote if you were a shareholder of record at the close of business on March 18, 2011.

INSPECTION OF LIST OF SHAREHOLDERS OF RECORD A list of the shareholders of record as of March 18, 2011 will be available for inspection during ordinary business hours during the ten days prior to the meeting at AIG's offices, 180 Maiden Lane, New York, New York 10038.

ADDITIONAL INFORMATION Additional information regarding the matters to be acted on at the meeting is included in the accompanying proxy materials.

PROXY VOTING PLEASE SUBMIT YOUR PROXY THROUGH THE INTERNET OR BY TELEPHONE OR MARK, SIGN, DATE AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE.

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VOTING INSTRUCTIONS AND INFORMATION

The enclosed proxy is solicited on behalf of the Board of Directors (Board of Directors or Board) of American International Group, Inc., a Delaware corporation (AIG), for use at the AIG Annual Meeting of Shareholders to be held on May 11, 2011, or at any adjournment thereof (Annual Meeting or 2011 Annual Meeting of Shareholders). These proxy materials are being mailed to shareholders of AIG commencing on or about [MAILING DATE], 2011.

Who can vote at the Annual Meeting?

You are entitled to vote or direct the voting of your shares of AIG's common stock, par value \$2.50 per share (AIG Common Stock), if you were a shareholder of record or if you held AIG Common Stock in street name at the close of business on March 18, 2011. On that date, [___] shares of AIG Common Stock (exclusive of shares held by AIG and certain subsidiaries) were outstanding, held by [___] shareholders of record. Each share of AIG Common Stock held by you on the record date is entitled to one vote.

Who is a shareholder of record?

During the ten days prior to the Annual Meeting, a list of the shareholders will be available for inspection at the offices of AIG at 180 Maiden Lane, New York, New York 10038.

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

If you hold
AIG
Common
Stock
indirectly
through a
broker, bank
or similar
institution,
you are not

a
shareholder
of record,
but instead
hold shares
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, and vote at, the Annual Meeting?

If you plan on attending the Annual Meeting, please remember to bring photo identification with you, such as a driver's license. In addition, if you hold shares in street name and would like to attend the Annual Meeting, you should bring an account statement or other acceptable evidence of ownership of AIG Common Stock as of the close of business on March 18, 2011, the record date for voting. In order to vote at the Annual Meeting if you hold shares in street name, 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?](#) for four ways to cast your vote.

What proposals will be voted on at the Annual Meeting?

Five proposals from AIG will be considered and voted on at the Annual Meeting:

1. To elect the fourteen nominees specified under Election of Directors as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;
2. To vote upon a non-binding shareholder resolution on executive compensation;
3. To act upon a proposal to amend AIG's Amended and Restated Certificate of Incorporation to restrict certain transfers of AIG Common Stock in order to protect AIG's tax attributes;
4. To act upon a proposal to ratify the American

International Group, Inc.
Tax Asset Protection
Plan; and

5. To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2011.

In addition, one shareholder proposal will be considered and voted on at the Annual Meeting:

6. To act upon a shareholder proposal relating to restricting hedging transactions.

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

How does the Board of Directors recommend I vote?

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

1. **FOR** each of the nominees specified under Election of Directors to the Board of Directors.
2. **FOR** the non-binding shareholder resolution on executive compensation.
3. **FOR** the proposal to amend AIG's Amended and Restated Certificate of Incorporation to restrict certain transfers of AIG Common Stock in order to protect AIG's tax attributes.
4. **FOR** the proposal to ratify the American International Group, Inc. Tax Asset Protection Plan.
5. **FOR** the proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2011.
6. **AGAINST** the shareholder proposal relating to restricting hedging transactions.

How do I vote?

You may cast your vote in one of four ways:

By Submitting a Proxy by Internet. Go to the following website:
www.eproxy.com/aig.

You may submit a proxy by Internet 24 hours a day. Enter the information requested on your computer screen and follow the simple instructions. If you choose to submit a proxy by Internet, then you do not need to return the proxy card. To be valid, your proxy by Internet must be received by 11:59 a.m., Eastern Daylight Saving Time, on May 10, 2011. Please have your proxy card and the last four digits of your Social Security number or tax identification number available.

By Submitting a Proxy by Telephone.

To submit a proxy using the telephone (within the United States and Canada), call toll free 1-800-560-1965 in the United States or Canada any time on a touch tone telephone. From outside the United States or Canada, call 1-816-737-9783. You may submit a proxy by telephone 24 hours a day, 7 days a week. There is NO CHARGE to you for the call in the United States or Canada. International calling charges apply outside the United States and Canada. Follow the

simple instructions provided by the recorded message. If you choose to submit a proxy by telephone, then you do not need to return the proxy card. To be valid, your proxy by telephone must be received by 11:59 a.m., Eastern Daylight Saving Time, on May 10, 2011.

By Submitting a Proxy by Mail. Mark the enclosed proxy card, sign and date it, and return it in the prepaid envelope that has been provided. To be valid, your proxy by mail must be received by 9:00 a.m., Eastern Daylight Saving Time, on May 11, 2011.

At the Annual Meeting. You can vote your shares in person at the Annual Meeting (see *What do I need to attend, and vote at, 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 photo 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, and*

vote at, 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 9:00 a.m., Eastern Daylight Saving Time, on May 11, 2011; 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
180 Maiden
Lane, New
York, New
York 10038
that is
received by
AIG prior to
9:00 a.m.,
Eastern
Daylight
Saving Time,
on May 11,
2011; 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 specified under Election of Directors; FOR the non-binding shareholder resolution on executive compensation; FOR the amendment of AIG's Amended and Restated Certificate of Incorporation to restrict certain transfers of AIG Common Stock in order to protect AIG's tax attributes; FOR the ratification of the American International Group, Inc. Tax Asset Protection Plan; FOR the ratification of the appointment of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2011; AGAINST the shareholder proposal; and otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting.

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

Under the rules of the New York Stock Exchange (NYSE), brokers that have not received voting instructions from their customers ten days prior to the Annual Meeting date may vote their customers' shares in the brokers' discretion on the proposals regarding the amendment of AIG's Amended and Restated Certificate of Incorporation to restrict certain transfers of AIG Common Stock in order to protect AIG's tax attributes 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 other proposal, including the election of directors, 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 any of those proposals.

How are votes counted?

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

Proposal 2 Non-binding Shareholder Vote to Approve Executive Compensation. Adoption of the resolution of the non-binding shareholder vote to approve executive compensation requires a for vote of a majority of the votes cast by the holders of AIG Common Stock, which votes cast are either for or against the resolution.

Proposal 3 Amendment of AIG's Amended and Restated Certificate of Incorporation to Restrict Certain Transfers of AIG Common Stock in order to Protect AIG's Tax Attributes. Approval of the amendment requires a for vote of a majority of the outstanding shares of AIG Common Stock.

Proposal 4 Ratification of the American International Group, Inc. Tax Asset Protection Plan. Ratification of the American International Group, Inc. Tax Asset Protection Plan requires a for vote of a majority of the votes cast by the

holders of AIG Common Stock, which votes cast are either for or against the Plan.

Proposal 5 Ratification of the Selection of PricewaterhouseCoopers LLP as AIG's Independent Registered Public Accounting Firm. Ratification of the selection of accountants requires a for vote of a majority of the votes cast by the holders of AIG Common Stock, which votes cast are either for or against the ratification. Neither AIG's Amended and Restated Certificate of Incorporation nor AIG's By-laws require that the shareholders ratify the selection of PricewaterhouseCoopers LLP as its independent registered public

accounting firm. AIG's Board is requesting shareholder ratification as a matter of good corporate practice. If the shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP, but may still retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such change would be in the best interests of AIG and its shareholders.

Shareholder Proposal 6. Approval of the shareholder proposal requires a two-thirds vote of a majority of the outstanding shares of AIG Common Stock.

Broker Non-Votes and Abstentions. Because directors are elected by a majority of the votes cast, an abstention will have no effect on the election, although a director who receives more votes against than for his or her election will be required to resign, subject to the process described above under Proposal 1 Election of Directors. In the case of the non-binding shareholder resolution to approve executive compensation, the ratification of the American International Group, Inc. Tax Asset Protection Plan and the ratification of the appointment of PricewaterhouseCoopers LLP, only votes cast for or against the proposal will be considered; abstentions, broker non-votes and withheld votes will not be treated as a vote for or against these proposals and therefore will have no effect on the vote. With respect to each other 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 entitled to vote 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 2010 Annual Report to Shareholders, which includes AIG's Annual Report on Form 10-K for the year ended December 31, 2010 (AIG's 2010 Annual Report on Form 10-K) filed with the U.S. Securities and Exchange Commission (SEC), has been previously delivered to shareholders. **You also may obtain, free of charge, a copy of the 2010 Annual Report to Shareholders and AIG's 2010 Annual Report on Form 10-K by writing to American International Group, Inc., 180 Maiden Lane, New York, New York 10038, Attention: Investor Relations.** These documents also are available in the Investor Information section of AIG's corporate website at www.aigcorporate.com.

Who pays for the expenses of this proxy solicitation?

AIG will bear the cost of this solicitation of proxies. Proxies may be solicited by mail, email, personal interview, telephone and facsimile transmission by directors, their associates, and certain 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 \$18,500 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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Proxy Statement and other publicly available documents may include, and AIG's officers and representatives may from time to time make, projections and statements that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These projections and statements are not historical facts but instead represent only AIG's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG's control. These projections and statements may address, among other things:

the timing of
the
disposition of
the ownership
position of
the United
States
Department
of the
Treasury
(Department
of the
Treasury) in
AIG;

the timing
and method
of repayment
of the
preferred
interests (the
SPV
Preferred
Interests) in
AIA Aurora
LLC (the AIA
SPV) and
ALICO
Holdings
LLC (the
ALICO SPV)
held by the
Department
of the
Treasury;

AIG's
exposures to
subprime
mortgages,
monoline
insurers and

the residential
and
commercial
real estate
markets;

AIG's credit
exposures to
state and
municipal
bond issuers;

AIG's strategy
for risk
management;

AIG's ability
to retain and
motivate its
employees;
and

AIG's strategy
for customer
retention,
growth,
product
development,
market
position,
financial
results and
reserves.

It is possible that AIG's actual results and financial condition will differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements include:

actions
by credit
rating
agencies;
changes in market conditions;

the occurrence of catastrophic events;

significant legal proceedings;

concentrations in AIG's investment portfolios, including its municipal bond portfolio;

judgments concerning casualty insurance underwriting and reserves;

judgments concerning the recognition of deferred tax assets; and

such other factors as are discussed throughout the Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A. Risk Factors of AIG's 2010 Annual Report on Form 10-K.

AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projection or other statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

RELATIONSHIPS WITH THE FEDERAL RESERVE BANK OF NEW YORK, THE AIG CREDIT FACILITY TRUST AND THE UNITED STATES DEPARTMENT OF THE TREASURY

Financing and Equity Arrangements Prior to the January 2011 AIG Recapitalization

Throughout 2010, AIG was a party to several important transactions and relationships with the Federal Reserve Bank of New York (the FRBNY), the AIG Credit Facility Trust (the Trust) and the Department of the Treasury. As a result of these arrangements, AIG was controlled by the Trust until the closing of the Recapitalization (as defined below) in January 2011 and is now controlled by the Department of the Treasury.

Credit Facility with the FRBNY

AIG and the FRBNY entered into a revolving credit facility (as amended, the FRBNY Credit Agreement) and a Guarantee and Pledge Agreement on September 22, 2008. On January 14, 2011, AIG repaid to the FRBNY approximately \$21 billion in cash, representing complete repayment of all amounts owing under the FRBNY Credit Agreement, and the FRBNY Credit Agreement was terminated.

AIG Series C Preferred Stock Outstanding Throughout 2010

During all of 2010, the Trust, established for the sole benefit of the United States Treasury in connection with the FRBNY Credit Agreement and issuance of AIG's Series C Perpetual Convertible Participating Preferred Stock, par value \$5.00 per share (AIG Series C Preferred Stock), held all of the outstanding 100,000 shares of the AIG Series C Preferred Stock. The AIG Series C Preferred Stock was, to the extent permitted by law, entitled to vote on all matters with the AIG Common Stock and was entitled to approximately 79.8 percent of the voting power of AIG's shareholders entitled to vote on any particular matter and approximately 79.8 percent of the aggregate dividend rights of the outstanding AIG Common Stock and the AIG Series C Preferred Stock, in each case, on an as converted basis. On January 14, 2011, as detailed below, the AIG Series C Preferred Stock was exchanged for shares of AIG Common Stock, which were subsequently transferred by the Trust to the Department of the Treasury.

AIG Series E Preferred Stock, AIG Series F Preferred Stock and Warrants Outstanding Throughout 2010

Also during all of 2010, the Department of the Treasury held all of the outstanding 400,000 shares of AIG's Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share (AIG Series E Preferred Stock), 300,000 shares of AIG's Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share (AIG Series F Preferred Stock), and two 10-year warrants (the Treasury Warrants) to purchase a total of 2,690,088 shares of AIG Common Stock, as part of the Troubled Asset Relief Program (TARP) and the Program for Systemically Significant Failing Institutions. On January 14, 2011, as detailed below, the AIG Series E Preferred Stock and the AIG Series F Preferred Stock were exchanged for shares of AIG Common Stock and other consideration.

Recapitalization of AIG

On January 14, 2011 (the Recapitalization Closing), AIG completed the previously announced series of integrated transactions (the Recapitalization) to recapitalize AIG as contemplated by the Master Transaction Agreement, dated as of December 8, 2010 (the Master Transaction Agreement), among AIG, the ALICO SPV, the AIA SPV, the FRBNY, the Department of the Treasury and the Trust. The Recapitalization is summarized below and discussed in more detail in AIG's 2010 Annual Report on Form 10-K. As a result of the Recapitalization, AIG is controlled by the Department of the Treasury.

Repurchase and Exchange of SPV Preferred Interests. At the Recapitalization Closing, AIG drew down approximately \$20 billion (the Series F Closing Drawdown Amount) under the Department of the Treasury's commitment (the Department of the Treasury Commitment) pursuant to the Securities Purchase Agreement, dated as of April 17, 2009 (the Series F SPA), between AIG and the Department of the Treasury relating to the AIG Series F Preferred Stock. The Series F Closing Drawdown Amount was the full amount remaining under the Department of the Treasury Commitment, less \$2 billion that AIG designated to be available after the Recapitalization Closing for general corporate purposes under a commitment relating to AIG's Series G Cumulative Mandatory Convertible Preferred Stock, par value \$5.00 per share (AIG Series G Preferred Stock),

described below (the Series G Drawdown Right). The right of AIG to draw on the Department of the Treasury Commitment (other than the Series G Drawdown Right) was terminated.

AIG applied certain proceeds from asset sales to retire a portion of the FRBNY's ALICO SPV Preferred Interests and used the Series F Closing Drawdown Amount to repurchase the remainder of the FRBNY's ALICO SPV Preferred Interests and all of the FRBNY's AIA SPV Preferred Interests. AIG transferred the SPV Preferred Interests to the Department of the Treasury as part of the consideration for the exchange of the AIG Series F Preferred Stock, described below.

Under the Master Transaction Agreement, the Department of the Treasury, so long as it holds SPV Preferred Interests, will have the right, subject to existing contractual restrictions, to require AIG to dispose of the remaining AIA ordinary shares held by the AIA SPV and certain of the MetLife, Inc. (MetLife) securities received from the sale of American Life Insurance Company (ALICO) held by the ALICO SPV. The consent of the Department of the Treasury, so long as it holds SPV Preferred Interests, will also be required for AIG to take specified significant actions with respect to the Nan Shan Life Insurance Company, Ltd. (Nan Shan), International Lease Finance Corporation (ILFC and, together with Nan Shan, the Designated Entities) and, prior to the closing of their sale on February 1, 2011, AIG Star Life Insurance Co., Ltd. (AIG Star) and AIG Edison Life Insurance Company (AIG Edison), including initial public offerings, sales, significant acquisitions or dispositions and incurrence of significant levels of indebtedness. If any SPV Preferred Interests are outstanding on May 1, 2013, the Department of the Treasury will have the right to compel the sale of all or a portion of one or more of the Designated Entities on terms that it will determine.

On February 8, 2011, AIG entered into a letter agreement with the Department of the Treasury, pursuant to which the Department of the Treasury permitted AIG to retain \$2 billion of the net cash proceeds from the sale of AIG Star and AIG Edison. The \$2 billion was used to support the capital of Chartis, Inc. (Chartis) and its subsidiaries in connection with the reserve strengthening described in Item 8.01 of AIG's Current Report on Form 8-K filed with the SEC on February 9, 2011. The remainder of the net cash proceeds was, with the Department of the Treasury's consent, used to repay a portion of the Department of the Treasury's SPV Preferred Interests.

On March 1, 2011, AIG entered into a Coordination Agreement, dated as of March 1, 2011, among the ALICO SPV, AIG and MetLife regarding a series of integrated transactions (the MetLife Disposition) whereby MetLife agreed to allow AIG to offer for sale the MetLife securities that AIG received when it sold ALICO to MetLife earlier than contemplated under the original terms of the sale. With the consent of the Department of the Treasury, AIG completed the MetLife Disposition on March 8, 2011 and used \$6.6 billion of the proceeds to repay all of the liquidation preference and accrued return of the Department of the Treasury's ALICO SPV Preferred Interests and a portion of the liquidation preference and accrued return of the Department of the Treasury's AIA SPV Preferred Interests.

Issuance of AIG's Series G Preferred Stock and Exchange of AIG's Series C, E and F Preferred Stock. At the Recapitalization Closing, AIG and the Department of the Treasury amended and restated the Series F SPA to provide for the issuance of 20,000 shares of AIG Series G Preferred Stock by AIG to the Department of the Treasury. The AIG Series G Preferred Stock initially has a liquidation preference of zero, which will increase by the amount of any funds drawn down by AIG under the Series G Drawdown Right from the Recapitalization Closing until March 31, 2012 (or the earlier termination of the Series G Drawdown Right).

At the Recapitalization Closing, (i) the shares of the AIG Series C Preferred Stock held by the Trust were exchanged for 562,868,096 shares of AIG Common Stock, which were subsequently transferred by the Trust to the Department of the Treasury; (ii) the shares of the AIG Series E Preferred Stock held by the Department of the Treasury were exchanged for 924,546,133 shares of AIG Common Stock; and (iii) the shares of the AIG Series F Preferred Stock held by the Department of the Treasury were exchanged for (a) the SPV Preferred Interests, (b) 20,000 shares of the AIG Series G Preferred Stock and (c) 167,623,733 shares of AIG Common Stock. As a result of the Recapitalization, the Department of the Treasury holds 1,655,037,962 shares of newly issued AIG Common Stock, representing

ownership of approximately 92 percent of the outstanding AIG Common Stock, and 20,000 shares of AIG Series G Preferred Stock. After this share exchange and distribution were completed, the Trust terminated pursuant to the terms and conditions of the AIG Credit Facility Trust Agreement, dated as of January 16, 2009, among the FRBNY and the Trustees named therein.

Effect of the Recapitalization

As a result of the Recapitalization, AIG is controlled by the Department of the Treasury. The interests of the Department of the Treasury may not be the same as the interests of AIG's other shareholders. As a result of its

ownership, the Department of the Treasury is able to elect all of AIG's directors and can, to the extent permitted by law, control the vote on substantially all matters, including:

Approval of
mergers or
other business
combinations;

A sale of all or
substantially
all of AIG's
assets;

Amendments
to AIG's
Amended and
Restated
Certificate of
Incorporation;
and

Other matters
that might be
favorable to
the
Department of
the Treasury
but not to
other
shareholders.

AIG understands that, subject to market conditions, the Department of the Treasury intends to dispose of its ownership interest over time, and AIG has granted certain registration rights to the Department of the Treasury to facilitate such dispositions, including:

the right to
participate in
any registered
offering of AIG
Common Stock
by AIG after the
Recapitalization
Closing;

the right to
demand no more
than twice in
any 12-month
period that AIG
effect a

registered
market offering
of its shares
after the earlier
of August 15,
2011 and the
date of AIG's
completion of a
primary equity
offering;

the right to
engage in
at-the-market
offerings; and

subject to certain
exceptions, the
right to approve
the terms and
conditions of
any registered
offering in
which it
participates until
its ownership
falls below 33
percent of AIG's
voting securities.

Should the Department of the Treasury, subject to applicable securities laws, transfer all, or a portion of, the AIG Common Stock it currently holds to another person or entity, that person or entity could become AIG's controlling shareholder.

ELECTION OF DIRECTORS

Fourteen directors are to be elected at the Annual Meeting to hold office until the next annual election and until their successors are duly elected and qualified. It is the intention of the persons named in the accompanying form of proxy to vote for the election of the nominees listed below. All of the nominees, other than Messrs. Cornwell and Fitzpatrick, 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 become unavailable prior to the Annual Meeting, proxies will be voted for such persons as the persons named in the accompanying form of proxy may determine in their discretion. Directors will be elected by a majority of the votes cast by the shareholders of the AIG Common Stock, which votes are cast for or against election. Pursuant to AIG's By-laws and Corporate Governance Guidelines, each nominee who is currently a director of AIG has submitted to the Board an irrevocable resignation from the Board that would become effective upon (1) the failure of