

AMERICAN INTERNATIONAL GROUP INC

Form 10-K/A

April 30, 2009

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K/A
(Amendment No. 1)**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

**Commission file number 1-8787
American International Group, Inc.
(Exact name of registrant as specified in its charter)**

Delaware
*(State or other jurisdiction of
incorporation or organization)*
70 Pine Street, New York, New York
(Address of principal executive offices)

13-2592361
*(I.R.S. Employer
Identification No.)*
10270
(Zip Code)

**Registrant's telephone number, including area code (212) 770-7000
Securities registered pursuant to Section 12(b) of the Act:**

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Par Value \$2.50 Per Share	New York Stock Exchange
5.75% Series A-2 Junior Subordinated Debentures	New York Stock Exchange
4.875% Series A-3 Junior Subordinated Debentures	New York Stock Exchange
6.45% Series A-4 Junior Subordinated Debentures	New York Stock Exchange
7.70% Series A-5 Junior Subordinated Debentures	New York Stock Exchange
Corporate Units (composed of stock purchase contracts and junior subordinated debentures)	New York Stock Exchange
NIKKEI 225® Index Market Index Target-Term Securities® due January 5, 2011	NYSE Arca

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The aggregate market value of the voting and nonvoting common equity held by nonaffiliates of the registrant computed by reference to the price at which the common equity was last sold of \$26.46 as of June 30, 2008 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately \$61,753,000,000.

As of January 30, 2009, there were outstanding 2,690,747,320 shares of Common Stock, \$2.50 par value per share, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

NONE

American International Group, Inc., and Subsidiaries

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EXPLANATORY NOTE

This amendment to the Annual Report on Form 10-K for the year ended December 31, 2008 (Amendment No. 1) is being filed solely for the purpose of (i) including the information required by Part III of the Annual Report on Form 10-K for the year ended December 31, 2008 of American International Group, Inc. (AIG) (2008 Annual Report on Form 10-K), (ii) amending the Exhibit List under Item 15(b) of Part IV of the 2008 Annual Report on Form 10-K, and (iii) filing three additional exhibits as part of the 2008 Annual Report on Form 10-K. All other Items of the 2008 Annual Report on Form 10-K are unaffected by the change described above and have been omitted from this amendment.

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Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors of AIG at April 30, 2009 were the following:

DIRECTORS

STEPHEN F. BOLLENBACH **Former Co-Chairman and Chief Executive Officer, Hilton Hotels Corporation**

Director since 2008

Age 66

Director, KB Home

Macy's, Inc.

Time Warner Inc.

DENNIS D. DAMMERMAN **Former Vice Chairman of the Board, General Electric Company;**
Former Chairman of GE Capital Services

Elected November 12, 2008

Age 63

Director, Capmark Financial Group Inc.

BlackRock, Inc.

MARTIN S. FELDSTEIN **Professor of Economics, Harvard University;**

Director since 1987

President Emeritus, National Bureau of Economic Research *(a nonprofit economic research center)*

Age 69

Director, Eli Lilly and Company

EDWARD M. LIDDY **Chairman and Chief Executive Officer, AIG**

Elected September 18, 2008

Age 63

Director, 3M Company

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GEORGE L. MILES, JR.

Director since 2005

President and Chief Executive Officer, WQED Multimedia

Age 67

Director, EQT Corporation

Harley-Davidson, Inc.

HFF, Inc.

WESCO International, Inc.

SUZANNE NORA JOHNSON

Elected July 16, 2008

Former Vice Chairman, The Goldman Sachs Group, Inc.

Age 51

Director, Intuit Inc.

Pfizer Inc.

Visa 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 72

JAMES F. ORR III

Director since 2006

Chairman of the Board of Trustees, The Rockefeller Foundation

Age 66

Director, Gevity HR, Inc.

VIRGINIA M. ROMETTY

Director since 2006

Senior Vice President, Global Business Services, IBM Corporation

Age 51

MICHAEL H. SUTTON

Director since 2005

Independent Consultant; Former Chief Accountant of the United States Securities and Exchange Commission

Age 68

Director, Allegheny Energy, Inc.

Krispy Kreme Doughnuts, Inc.

EDMUND S.W. TSE

Director since 1996

Senior Vice Chairman Life Insurance, AIG

Age 71

The principal occupation or affiliation of the directors is shown above. Except as noted below, each director has occupied an executive position with the company or organization listed above for at least five years. From 2005 until 2007, Mr. Bollenbach was Co-Chairman and Chief Executive Officer of Hilton Hotels Corporation. Before that, he was Hilton Hotels Corporation's Chief Executive Officer and President. Mr. Dammerman retired in 2005 as Vice Chairman of the Board and Executive Officer and a member of the Corporate Executive Office of GE. Prior to his retirement, he had served on the GE Board of Directors and as Chairman and Chief Executive Officer and a director of GE Capital Services, Inc. Mr. Liddy joined the private equity firm of Clayton, Dubilier & Rice, Inc. in 2008 after serving as Chairman of The Allstate Corporation, the parent of the Allstate Insurance Company, since January 2007. Prior to that, he was Allstate Chairman and Chief Executive Officer from 1999 until 2006. Ms. Nora Johnson retired as Vice Chairman of The Goldman Sachs Group, Inc. in 2007. Since 2003, she had held numerous roles at Goldman Sachs including Head of the Global Investment Research Division and Chairman of the Global Markets Institute. Mr. Offit served as Co-Chief Executive Officer of Offit Hall Capital Management LLC from 2002 until 2007.

Director Term of Office

For a description of the term of office for AIG's directors see Directors and Executive Officers of AIG in Item 1 of Part I.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires directors, executive officers, and greater than ten percent holders of AIG common stock, par value \$2.50 per share (AIG Common Stock), to file reports with respect to their ownership of AIG equity securities. Based solely on the review of the Forms 3, 4 and 5 and amendments thereto furnished to AIG and certain representations made to AIG, AIG believes that the only filing deficiencies under Section 16(a) by its directors, executive officers, and greater than ten percent holders during 2008 were one late report as a result of a broker error by Ms. Rometty, a director, reporting the disposition of 240 shares in March 2007; one late report as a result of a broker error by Mr. Fred Langhammer, a director, reporting the purchase of 10,000 shares in May 2008; one late report by then-executive officer Robert B. Sandler reporting the retirement distribution of 233,198 shares from the deferred compensation plans established by Starr International Company, Inc. (SICO); one late report by each of the following executive officers reporting the number of shares underlying Restricted Stock Units (RSUs) granted under AIG's 2005-2006 Deferred Compensation Profit Participation Plan (DCPPP) upon certification of performance on March 2, 2007 (although no shares have been delivered): Mr. William Dooley, 25,600 RSUs; Mr. Jacob Frenkel, 25,600 RSUs; Mr. David Herzog, 10,800 RSUs; Mr. Robert Lewis, 19,200 RSUs; Mr. Rodney Martin, 19,200 RSUs; Mr. Moor, 56,000 RSUs; Mr. Neuger, 54,400 RSUs; Mr. Brian Schreiber, 27,200 RSUs; Mr. Tse, 64,000 RSUs; Mr. Nicholas Walsh, 28,000 RSUs; Mr. Jay Wintrob, 48,000 RSUs; and Mr. Frank Wisner, 10,800 RSUs; one additional late report by each of Messrs. Frenkel, Tse and Wisner reporting the grant of 5,120, 12,800 and 3,780, respectively, incremental RSUs under the DCPPP on February 26, 2008; and two late reports by individuals and entities in the Starr Group (as defined in Item 12 of Part III) reflecting the disposition of an aggregate of 33,776 shares resulting from two transactions.

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**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 and Risk Management Committee, the Audit Committee, and the Regulatory, Compliance and Public Policy Committee are available in the Corporate Governance section of AIG's corporate website at www.aigcorporate.com or in print by writing to American International Group, Inc., 70 Pine Street, New York, New York 10270, Attention: Investor Relations.

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

Using the current AIG Director Independence Standards that are included with the Corporate Governance Guidelines as Annex A thereto, the Board, on the recommendation of the Nominating and Corporate Governance Committee, determined that Ms. Nora Johnson, Ms. Rometty and Messrs. Bollenbach, Dammerman, Feldstein, Miles, Offit, Orr and Sutton are independent under NYSE listing standards and AIG's Director Independence Standards. In addition, Ms. Futter and Messrs. Holbrooke and Langhammer, who also served on the Board during 2008, Mr. Willumstad, until he was appointed AIG's Chief Executive Officer in June 2008, and Marshall A. Cohen, Stephen L. Hammerman and Frank G. Zarb, who also served on the Board in 2008 before the 2008 Annual Meeting of Shareholders, were independent under NYSE listing standards and AIG's Director Independence Standards.

In making the independence determinations, the Nominating and Corporate Governance Committee considered relationships arising from: (1) contributions by AIG to charitable organizations with which Messrs. Bollenbach, Feldstein, Hammerman, Holbrooke, Langhammer, Offit and Willumstad and Ms. Futter and Ms. Nora Johnson or members of their immediate families are affiliated; (2) in the case of Ms. Rometty, transactions between AIG and IBM Corporation; (3) in the case of Mr. Dammerman, transactions between AIG and BlackRock, Inc.; (4) in the case of Ms. Nora Johnson, transactions between AIG and Visa, Inc.; and (5) 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 2008, AIG made payments totaling \$410,000 to the Asia Society, of which Mr. Holbrooke was chairman of the board of directors, for membership fees, sponsorship costs and general contributions. Under AIG's Director Independence Standards that are used to assist the Board in making independence determinations, the Board must consider the materiality of any contributions for a calendar year made to a charitable organization with which a director is affiliated if the contributions exceed \$200,000. The Board, on the recommendation of the Nominating and Corporate Governance Committee, considered the payments to the Asia Society and determined that they did 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 did not serve as an executive officer and did 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 believed that the payments to the Asia Society would enhance AIG's reputation and standing in Asia.

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The following table sets forth the current membership on each standing committee of the Board and the number of committee meetings held in 2008. Mr. Bollenbach became a member of the Board and the Audit Committee on January 16, 2008, a member of the Regulatory, Compliance and Legal Committee on May 14, 2008, and a member of the Compensation and Management Resources Committee on November 12, 2008. He has been an *ex-officio* member of the Nominating and Corporate Governance, the Finance and Risk Management and the Public Policy and Social Responsibility Committees since June 15, 2008. Mr. Liddy became a member of the Board and Chairman on September 18, 2008. Mr. Dammerman became a member of the Board and the Finance and Risk Management and the Compensation and Management Resources Committees on November 12, 2008. Ms. Nora Johnson became a member of the Board on July 16, 2008 and a member of the Compensation and Management Resources and the Finance and Risk Management Committees on January 14, 2009.

Director	Audit Committee	Nominating and Corporate Governance Committee	Compensation and Management Resources Committee	Finance and Risk Management Committee(1)	Public Policy and Social Responsibility Committee(2)	Regulatory, Compliance and Legal Committee(2)
Stephen F. Bollenbach	Ö	*	Ö	*	*	Ö(C)
Dennis D. Dammerman			Ö	Ö		
Martin S. Feldstein				Ö		Ö
Edward M. Liddy						
George L. Miles, Jr.	Ö	Ö(C)			Ö	
Suzanne Nora Johnson			Ö	Ö		
Morris W. Offit	Ö			Ö(C)	Ö	
James F. Orr III		Ö	Ö(C)			
Virginia M. Rometty		Ö	Ö			
Michael H. Sutton	Ö(C)					Ö
Edmund S.W. Tse						
Number of meetings	15	5	11	12	3	5

Ö = Member

C = Chair

* Mr. Bollenbach is an *ex-officio* member.

(1) On March 25, 2009, the Finance Committee was renamed the

Finance and
Risk
Management
Committee.

- (2) On March 25, 2009, the Public Policy and Social Responsibility Committee and the Regulatory, Compliance and Legal Committee were combined to form the Regulatory, Compliance and Public Policy Committee.

Audit Committee

The Audit Committee, which held 15 meetings during 2008, assists the Board in its 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, on the recommendation of the Nominating and Corporate Governance Committee, 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 under SEC rules. For purposes of the SEC rules, the Board of Directors has designated Mr. Sutton the named audit committee financial expert and, on the recommendation of the Nominating and Corporate Governance Committee, has determined that Mr. Sutton has accounting or related financial management expertise, as defined by NYSE listing standards. Although designated as an audit committee financial expert, Mr. Sutton does not act as an accountant for AIG and, under SEC rules, is not an expert for purposes of the liability provisions of the Securities Act of 1933, as amended (the Securities Act), or for any other purpose. Under the Federal securities laws, Mr. Sutton does not have any responsibilities or obligations in addition to those of the other Audit Committee members; for these purposes, all Audit Committee members have identical duties and responsibilities.

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COMPENSATION OF DIRECTORS

In 2008, each non-management director of AIG received a retainer of \$75,000 per year. In lieu of committee annual retainers and meeting fees, Mr. Bollenbach, as Lead Independent Director and an *ex-officio* member of all standing committees of the Board of which he is not a member, received an additional annual retainer of \$40,000. Mr. Willumstad, as non-executive Chairman of the Board in the first two quarters of 2008, had an additional annual retainer of \$200,000 in lieu of committee annual retainers and meeting fees, and received \$137,500 in total retainers before payments ceased when he became Chief Executive Officer. Other non-management directors received committee meeting attendance fees of \$1,500 per meeting, which included attendance, upon request, at meetings of committees of which they are not members and attendance at meetings of AIG's International Advisory Board. The chairman of each committee received an annual committee retainer of \$15,000, except the chairman of the Audit Committee, who received \$25,000. For each other member of each committee, the annual committee retainer was \$5,000. Retainers were paid in equal installments each quarter in advance of service, and meeting fees were paid each quarter for service in the prior quarter. See Committees for information on current committee memberships and committee memberships during 2008.

In 2008, non-management directors received an annual award of Deferred Stock Units (DSUs) with a grant date value of \$125,000, with the number of units determined based on the closing price of AIG Common Stock on the date of grant (which was the date of the Annual Meeting of Shareholders). However, as described below, these DSUs lost most of their value in 2008.

In 2008, DSUs were granted under the Amended and Restated 2007 Stock Incentive Plan (2007 Stock Incentive Plan). Each DSU provides that one share of AIG Common Stock will be delivered when a director ceases to be a member of the Board. The annual retainer amounts, the committee retainer amounts and the meeting fee amounts for service may be deferred, at the election of the directors, into DSUs. DSUs include dividend equivalent rights that entitle the director to a quarterly payment, in the form of DSUs, equal to the amount of any regular quarterly dividend that would have been paid by AIG if the shares of AIG Common Stock that underlie the DSUs had been outstanding.

In March 2009, the Nominating and Corporate Governance Committee completed a review of non-management director compensation. Based on this review, the Nominating and Corporate Governance Committee recommended to the Board, and the Board approved, the retention of the following components of AIG's non-management director compensation:

Annual retainer of \$75,000;

Lead Independent Director retainer of \$40,000;

Annual committee chairman retainers of \$15,000, except \$25,000 for the chairman of the Audit Committee; and

Annual committee member retainers of \$5,000.

The following components of non-management director compensation were eliminated:

Annual awards of DSUs;

Committee meeting fees; and

The right to defer annual retainers, the Lead Independent Director retainer, committee chair retainers and committee membership retainers into DSUs (with any such retainers for the remainder of 2009 that are required to be deferred being paid without interest upon termination of Board service).

Under director stock ownership guidelines, non-management directors should own at least 10,000 shares of AIG Common Stock (including deferred stock and DSUs).

To provide independent advice and guidance, certain of AIG's non-management directors also serve on the boards of directors of subsidiaries of AIG. These directorships do not pay retainer fees but instead pay a fee of \$1,500 per meeting attended.

In response to a derivative action filed against AIG, which is described in Item 3 of Part I, AIG's Board of Directors appointed a special litigation committee of independent directors to review the matters asserted in the complaint. The special litigation committee was established in 2005, and Messrs. Hammerman and Miles were the members until Mr. Hammerman's resignation from the special litigation committee effective on May 14, 2008, the date of the 2008 Annual Meeting of Shareholders. Mr. Miles is currently the only member of the special litigation committee. Fees for the special litigation committee are set by the Board and may be reviewed and adjusted by the Board if the amount of work is greater than originally anticipated.

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Mr. Zarb, who retired from the Board on May 14, 2008, received fees of \$40,000 (and reimbursement for out-of-pocket expenses) for his consulting services to the Nominating and Corporate Governance Committee of the Board from May to September 2008. At the time he retired from the Board, Mr. Zarb was leading several initiatives relating to AIG's corporate governance. The Nominating and Corporate Governance Committee of the Board asked Mr. Zarb to serve as a consultant with respect to those matters as the Committee and the Board brought them to conclusion.

Messrs. Liddy and Tse did not receive any compensation for their services as directors. Mr. Sullivan served on the Board until July 1, 2008 but did not receive any compensation for his service as a director. Mr. Willumstad served on the Board until September 18, 2008. From the time he was named Chief Executive Officer in June 2008 until he resigned in September, he did not receive any compensation for his services as a director. For information on Mr. Willumstad's compensation as non-executive Chairman of the Board in the first two quarters of 2008, see the 2008 Summary Compensation Table.

The following table contains information with respect to the compensation of the individuals other than Mr. Willumstad who served as non-management directors of AIG for all or part of 2008.

2008 Non-Management Director Compensation

Non-Management Members of the Board in 2008(1)	Fees			Total
	Earned or Paid in Cash(2)	Stock Awards(3)	All Other Compensation(4)	
Stephen F. Bollenbach	\$ 0	\$ 381,086	\$ 3,449	\$ 384,535
Marshall A. Cohen	\$ 16,500	\$ 51,134	\$ 761	\$ 68,395
Dennis D. Dammerman	\$ 0	\$ 73,941	\$ 0	\$ 73,941
Martin S. Feldstein	\$ 119,500	\$ 124,985	\$ 2,715	\$ 247,200
Ellen V. Futter	\$ 75,750	\$ 124,985	\$ 1,629	\$ 202,364
Stephen L. Hammerman	\$ 195,212	\$ 0	\$ 667	\$ 195,879
Richard C. Holbrooke	\$ 10,000	\$ 198,390	\$ 1,910	\$ 210,300
Fred H. Langhammer	\$ 0	\$ 244,413	\$ 3,505	\$ 247,918
George L. Miles, Jr.	\$ 284,500	\$ 124,985	\$ 2,715	\$ 412,200
Suzanne Nora Johnson	\$ 0	\$ 163,978	\$ 1,355	\$ 165,333
Morris W. Offit	\$ 146,500	\$ 124,985	\$ 2,715	\$ 274,200
James F. Orr III	\$ 0	\$ 240,942	\$ 3,552	\$ 244,494
Virginia M. Rometty	\$ 110,173	\$ 124,985	\$ 2,715	\$ 237,873
Michael H. Sutton	\$ 139,500	\$ 124,985	\$ 2,715	\$ 267,200
Frank G. Zarb	\$ 82,212	\$ 0	\$ 40,667	\$ 122,879

(1) For information on Mr. Willumstad's compensation as non-executive Chairman of the Board in 2008, see the 2008 Summary Compensation Table in Item 11 of Part III.

(2) This column represents annual retainer fees,

committee and committee chairman retainer fees and committee meeting attendance fees. The amounts also include the following amounts in meeting attendance fees for meetings of the boards of directors of subsidiaries of AIG, and retainer fees with respect to Mr. Holbrooke's membership on the Board of Directors of AIG Global Trade & Political Risk Insurance Company: Cohen \$16,500; Feldstein \$6,000; and Holbrooke \$10,000 (including \$2,500 earned in 2007 but paid in 2008). For Messrs. Hammerman and Miles, the amount also includes a fee of \$150,000 paid in April 2008 for services rendered in 2005, 2006 and 2007 in connection with the special litigation committee established in 2005. Messrs. Hammerman and Miles each received fees in connection with such services of \$50,000 and \$25,000 in 2005 and 2006, respectively. No fees were paid in 2007 in connection with their service on the special litigation committee.

(3)

This column represents the expense in accordance with FAS 123R of DSUs (other than dividend equivalent DSUs) granted in 2008 to directors, calculated using the assumptions described in Note 17 to the Consolidated Financial Statements included in Item 8 of Part II.

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Because of the decline in the value of AIG Common Stock in 2008, the amounts recognized in this column are not representative of the current value of AIG Common Stock underlying DSUs granted in 2008. If DSUs granted in 2008 had been expensed based on the market value of the underlying AIG Common Stock at year-end 2008, the amounts reported in this column would have been as follows:

Stock Awards

Name	Expense Reported in 2008 Director Compensation Table	Pro Forma Based on Market Value at December 31, 2008	Difference
Stephen F. Bollenbach	\$ 381,086	\$ 29,315	\$(351,771)
Marshall A. Cohen*	\$ 51,134	\$ 1,606	\$ (49,528)
Dennis D. Dammerman	\$ 73,941	\$ 57,186	\$ (16,755)
Martin S. Feldstein	\$ 124,985	\$ 4,975	\$(120,010)
Ellen V. Futter*	\$ 124,985	\$ 4,975	\$(120,010)
Stephen L. Hammerman*	\$ 0	N/A	N/A
Richard C. Holbrooke*	\$ 198,390	\$ 7,961	\$(190,429)
Fred H. Langhammer*	\$ 244,413	\$ 24,881	\$(219,532)
George L. Miles, Jr.	\$ 124,985	\$ 4,975	\$(120,010)
Suzanne Nora Johnson	\$ 163,978	\$ 17,741	\$(146,237)
Morris W. Offit	\$ 124,985	\$ 4,975	\$(120,010)
James F. Orr III	\$ 240,942	\$ 20,366	\$(220,576)
Virginia M. Rometty	\$ 124,985	\$ 4,975	\$(120,010)
Michael H. Sutton	\$ 124,985	\$ 4,975	\$(120,010)
Frank G. Zarb*	\$ 0	N/A	N/A

* For directors who retired or resigned in 2008, shares of AIG Common Stock underlying DSUs were delivered before year-end.

On May 14, 2008, AIG made annual grants of 3,169 DSUs each to the directors. Mr. Bollenbach received 2,158 DSUs, Ms. Nora Johnson received 5,369 DSUs and Mr. Dammerman received 30,788 DSUs upon their election to the Board on January 16, July 16 and November 12 of 2008, respectively. In addition, directors received DSUs representing deferred director's fees at other dates throughout the year. In total, DSUs (other than dividend equivalent DSUs) were granted on January 2, January 16, April 1, May 14, July 1, July 16, October 1, October 28 and November 12 of 2008. The grant date fair values for the DSUs were calculated by multiplying the number of DSUs awarded by the closing price of AIG Common Stock on the date of grant. The number of DSUs granted to each director on each date, and the grant date fair value in accordance with FAS 123R per DSU granted on each date, were as follows:

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Name	January 2 \$56.30	January 16 \$57.91	April 1 \$47.00	May 14 \$39.44	July 1 \$26.73	July 16 \$23.28	October 1 \$3.95	October 28 \$1.83	November 12 \$2.03
Stephen F. Bollenbach	0	2,503	521	3,220	1,225	429	10,443	0	331
Marshall A. Cohen	421	0	488	114	0	0	0	0	0
Dennis D. Dammerman	0	0	0	0	0	0	0	0	36,424
Martin S. Feldstein	0	0	0	3,169	0	0	0	0	0
Ellen V. Futter	0	0	0	3,169	0	0	0	0	0
Stephen L. Hammerman	0	0	0	0	0	0	0	0	0
Richard C. Holbrooke	399	0	542	3,169	897	64	0	0	0
Fred H. Langhammer	377	0	675	3,169	1,131	0	8,037	2,459	0
George L. Miles	0	0	0	3,169	0	0	0	0	0
Suzanne Nora Johnson	0	0	0	0	0	6,174	5,126	0	0
Morris W. Offit	0	0	0	3,169	0	0	0	0	0
James F. Orr III	377	0	675	3,220	1,169	0	7,531	0	0
Virginia M. Rometty	0	0	0	3,169	0	0	0	0	0
Michael H. Sutton	0	0	0	3,169	0	0	0	0	0
Frank G. Zarb	0	0	0	0	0	0	0	0	0

(4) This column represents DSUs awarded as dividend equivalents. As described above, the grant date fair values of the DSUs awarded as dividend equivalents were calculated by multiplying the number of DSUs awarded by the closing price of AIG Common Stock on the date of the grant. Directors received DSUs representing dividend

equivalents on
January 2,
April 1, July 1
and October 1
of 2008.

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The number of DSUs granted to each director on each of these respective dates was as follows:
Bollenbach 0, 10, 46 and 443;
Cohen 6, 9, 0 and 0; Feldstein 6, 7, 36 and 275;
Futter 6, 7, 36 and 0; Hammerman 6, 7, 0 and 0;
Holbrooke 6, 9, 43 and 0;
Langhammer 6, 9, 44 and 397;
Miles 6, 7, 36 and 275; Nora Johnson 0, 0, 0 and 343; Offit 6, 7, 36 and 275;
Orr 6, 9, 45 and 402; Rometty 6, 7, 36 and 275;
Sutton 6, 7, 36 and 275; and
Zarb 6, 7, 0 and 0.

The grant date fair values in accordance with FAS 123R per DSU for the DSUs awarded as dividend equivalents on the relevant date are as indicated in the table in footnote 3.

For Mr. Zarb, the amount also includes \$40,000 in consulting fees from May to September 2008.

The following table sets forth information with respect to the option and stock awards outstanding at December 31, 2008 for the non-management directors of AIG.

Stock and Option Awards Outstanding at December 31, 2008

Non-Management Members of the Board in 2008(1)	Option Awards(2)	Deferred Stock(3)	Deferred Stock Units(4)
Stephen F. Bollenbach	0	0	19,171
Marshall A. Cohen	20,500	0	0
Dennis D. Dammerman	0	0	36,424
Martin S. Feldstein	20,500	2,875	5,227
Ellen V. Futter	20,500	0	0
Stephen L. Hammerman	5,000	0	0
Richard C. Holbrooke	17,500	0	0
Fred H. Langhammer	5,000	0	0
George L. Miles, Jr.	5,000	1,875	5,227
Suzanne Nora Johnson	0	0	11,643
Morris W. Offit	5,000	1,875	5,227
James F. Orr III	2,500	1,000	15,168
Virginia M. Rometty	2,500	750	5,227
Michael H. Sutton	5,000	1,625	5,227
Frank G. Zarb	17,500	0	0

(1) For information on Mr. Willumstad's stock and option awards related to his service as a director and Chairman of the Board, see Executive Compensation Exercises and Holdings of Previously Awarded Equity in Item 11 of Part III.

(2) Represents outstanding option awards made by AIG in 2006 and prior years. All options are exercisable, but have exercise prices far in excess of the value of AIG Common Stock at year-end 2008 (\$1.57). The exercise price of the options ranges from \$47.00 to \$84.71.

(3)

No deferred stock was awarded in 2008.

Deferred stock shown was awarded in 2007 and prior years. Receipt of deferred stock is deferred until the director ceases to be a member of the Board.

- (4) DSUs shown include DSUs awarded in 2008 and prior years, director's fees deferred into DSUs and DSUs awarded as dividend equivalents. 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 2008, 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.

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Item 11. Executive Compensation.

EXECUTIVE COMPENSATION

REPORT OF THE COMPENSATION AND MANAGEMENT RESOURCES COMMITTEE

Overview

The role of the Compensation and Management Resources Committee includes reviewing and approving the compensation awarded to AIG's Chief Executive Officer (subject to ratification or approval by the Board) and to the other key employees under its purview, making recommendations to the Board with respect to AIG's compensation programs for key and other employees, overseeing AIG's management development and succession planning programs and producing this Report on annual compensation.

Risk Review

As part of AIG's participation in the Troubled Asset Relief Program (TARP), the Committee also became responsible for evaluating whether AIG's compensation programs encourage AIG's senior executives to take unnecessary and excessive risks that threaten the value of AIG. In 2009, we reviewed (and will continue to review at least annually) the incentive compensation arrangements of AIG's most senior executives with AIG's senior risk officers.

Certification

The Compensation Discussion and Analysis that follows discusses the principles the Committee has been using to guide its compensation decisions for senior executives. The Compensation and Management Resources Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Frederic W. Cook & Co. has also reviewed and discussed the Compensation Discussion and Analysis with management and outside counsel on behalf of the Compensation and Management Resources Committee. Based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in AIG's 2008 Annual Report on Form 10-K. In addition, the Compensation and Management Resources Committee certifies that it has reviewed the incentive compensation arrangements of the executives whose compensation is disclosed in the 2008 Summary Compensation Table (other than the executives who departed from AIG prior to November 2008) and has made reasonable efforts to ensure that such arrangements do not encourage such executives to take unnecessary and excessive risks that threaten the value of AIG.

Compensation and Management Resources Committee

American International Group, Inc.

James F. Orr III, Chairman

Stephen F. Bollenbach

Dennis D. Dammerman

Suzanne Nora Johnson

Virginia M. Rometty

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis discusses the compensation of our Chief Executive Officer, our Chief Financial Officer and our three most highly paid other executives (as determined in accordance with SEC rules). It also discusses the compensation of three former executives who served as our Chief Executive Officer or Chief Financial Officer in 2008. We refer to these individuals as our named executives. However, the Compensation Discussion and Analysis does not cover the arrangements of AIG's other employees or the many compensation plans and programs in which our 116,000 employees participate around the world.

Compensation Outcomes for 2008

Last year, we introduced a table showing the amount of year-end performance-based compensation earned by each of the executives named in our 2007 Summary Compensation Table. The following is the identical table, providing 2008 amounts for our named executives for 2008 who remain at AIG. Each of these named executives is a member of AIG's seven-officer Leadership Group, which also includes Mr. Wintrob, our Executive Vice President Retirement Services, and Ms. Reynolds, our Chief Restructuring Officer.

Year-End Performance-Based Compensation Earned for 2008

**Year-End
Variable**

Performance-