AMERICAN INTERNATIONAL GROUP INC
Form DEF 14A
June 27, 2005

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 [ ]

Check the appropriate box:

[ ]	Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))	
[X] Definitive Proxy Statement	
[ ] Definitive Additional Materials	
[ ] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-2.	

American International Group, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

American International Group, Inc.
70 Pine Street, New York, N.Y. 10270

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD AUGUST 11, 2005

June 27, 2005

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 Thursday, August 11, 2005, at 10:00 o clock A.M., for the following purposes:

1. To elect 15 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 2005; and

3. To transact any other business that may properly come before the meeting.

Shareholders of record at the close of business on June 24, 2005 will be entitled to vote at the meeting. 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.

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.

American International Group, Inc.
70 Pine Street, New York, N.Y. 10270

PROXY STATEMENT

June 27, 2005

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 August 11, 2005, or at any adjournment thereof. It may be revoked at any time prior to its use. Proxies will be voted as specified and, unless otherwise specified, will be voted for the election of directors, for the ratification of the selection of PricewaterhouseCoopers LLP as AIG s independent registered public accounting firm for 2005, and otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting. These proxy materials are being mailed to shareholders of AIG commencing on or about June 27, 2005.

Only shareholders of record at the close of business on June 24, 2005 will be entitled to vote at the Annual Meeting. On that date, 2,595,066,648 shares (exclusive of shares held by AIG and certain subsidiaries) of common stock, par value $2.50 per share (AIG Common Stock), were outstanding, each such share of AIG Common Stock having one vote.

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. With respect to the election of directors, any shares not voted as a result of an abstention or a broker non-vote will have no impact on the vote. With respect to the ratification of the selection of PricewaterhouseCoopers LLP as AIG s independent registered public accounting firm, a broker non-vote will have no impact on the vote while an abstention will effectively be treated as a vote against the proposal.

ELECTION OF DIRECTORS

Fifteen 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 whom are currently members of your Board of Directors. Frank J. Hoenemeyer is not standing for re-election, and Messrs. M.R. Greenberg and Howard I. Smith resigned from the Board of Directors in June 2005. 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 plurality of the votes cast. The nominees and certain information supplied by them to AIG are as follows:

M. BERNARD AIDINOFF Director since 1984	**Retired Partner, Sullivan & Cromwell LLP** *(Attorneys)* Age 76 *Director, First SunAmerica Life Insurance Company, a wholly-owned subsidiary of AIG*
PEI-YUAN CHIA Director since 1996	**Retired Vice Chairman, Citicorp and Citibank, N.A.** Age 66
MARSHALL A. COHEN Director since 1992	**Counsel, Cassels Brock & Blackwell** *(Barristers and Solicitors)***; Former President and Chief Executive Officer, The Molson Companies Limited** Age 70 *Director, Barrick Gold Corporation* *Collins & Aikman Corporation* *Lafarge North America Inc.* *Metaldyne Corporation* *Premcor Inc.* *The Toronto-Dominion Bank*

WILLIAM S. COHEN Director since 2004	**Chairman and Chief Executive Officer, The Cohen Group; Former United States Secretary of Defense; Former United States Senator** *(The Cohen Group provides business consulting services and advice in international markets)* Age 64 *Director, Viacom 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 65 *Director, Eli Lilly and Company HCA Inc.*
ELLEN V. FUTTER Director since 1999	**President, American Museum of Natural History** Age 55 *Director, Bristol-Myers Squibb Company Consolidated Edison, Inc. (also serves as Trustee of Consolidated Edison Company of New York, Inc.) J.P. Morgan Chase & Co.*
STEPHEN L. HAMMERMAN Elected March 7, 2005	**Retired; Former Deputy Commissioner of Legal Matters, New York City Police Department; Former Vice Chairman, Merrill Lynch & Co.** Age 67
CARLA A. HILLS Director since 1993	**Chairman and Chief Executive Officer, Hills & Company; Former United States Trade Representative** *(Hills & Company provides international*

investment, trade and risk advisory services)

Age 71

Director, Time Warner Inc.
Chevron Corporation
Lucent Technologies Inc.

RICHARD C. HOLBROOKE Director since 2001	**Vice Chairman, Perseus LLC; Former United States Ambassador to the United Nations; Former Vice Chairman, Credit Suisse First Boston** *(Perseus LLC is a merchant bank and private equity fund management company)* Age 64 *Director, Human Genome Sciences, Inc.* *Quebecor World Inc.*
DONALD P. KANAK Director since 2004	**Executive Vice Chairman and Chief Operating Officer, AIG** Age 52
GEORGE L. MILES, JR. Elected April 21, 2005	**President and Chief Executive Officer, WQED Multimedia; Former Executive Vice President and Chief Operating Officer, WNET/Thirteen in New York** Age 63 *Director, WESCO International, Inc.* *Equitable Resources, Inc.* *Harley-Davidson, Inc.* *Westwood One, Inc.*
MORRIS W. OFFIT Elected April 21, 2005	**Co-Chief Executive Officer, Offit Hall Capital Management LLC** *(a wealth management advisory firm)***; Founder and Former CEO, OFFITBANK** *(a private bank)* Age 68

MARTIN J. SULLIVAN Director since 2002	**President and Chief Executive Officer, AIG** Age 50 *Director, International Lease Finance Corporation and Transatlantic Holdings, Inc.,* *(Transatlantic), subsidiaries of AIG*
EDMUND S.W. TSE Director since 1996	**Senior Vice Chairman Life Insurance, AIG** Age 67
FRANK G. ZARB Elected Interim Chairman, April 21, 2005 Director since 2001	**Chairman, Frank Zarb Associates, LLC; Senior Advisor, Hellman & Friedman LLC; Former Chairman and Chief Executive Officer, National Association of Securities Dealers, Inc. and The Nasdaq Stock Market, Inc.** *(Frank Zarb Associates, LLC is a consulting firm, and Hellman & Friedman is a private equity investment firm)* Age 70 *Director, FPL Group, Inc.*

The principal occupation or affiliation of the nominees is shown in bold face type. Each of the directors who is also an executive officer of AIG has, for more than five years, occupied an executive position with AIG or companies that are now its subsidiaries, and, except as hereinafter noted, each other director has occupied an executive position with his company or organization listed above for at least five years. Mr. William Cohen served as United States Secretary of Defense from 1997 to January 2001. Mr. Hammerman served as Deputy Commissioner of Legal Matters for the New York City Police Department from 2002 through 2004. He was employed by Merrill Lynch & Co. from 1978 to 2002, with his final position being Vice Chairman. Mr. Holbrooke served as United States Ambassador to the United Nations from 1999 to 2001. Mr. Zarb served as Chairman and Chief Executive Officer of the National Association of Securities Dealers, Inc. from February 1997 until October 2000 and The Nasdaq Stock Market, Inc. from February 1997 until January 2001 and as Chairman of those organizations until September 2001.

Corporate Governance, Board of Directors and Committees

Governance Principles

AIG s Board has established the AIG Corporate Governance Guidelines (the Guidelines), which are included as Appendix A to this Proxy Statement, to promote the effective functioning of the Board and its committees, to promote the interests of shareholders and to establish a common set of expectations for the governance of the organization. All of AIG s corporate governance materials, including the Guidelines and Committee charters, as well as AIG s Code of

Conduct for employees, are published in the Corporate Governance section of AIG s corporate website at *www.aigcorporate.com*. AIG s Board regularly reviews

corporate governance developments and modifies its guidelines, charters and practices as warranted. AIG s By-laws and the Guidelines were last amended in June 2005, to reflect the current policy of the Board that the position of Chairman should be separate from the position of Chief Executive Officer and should be selected from the independent directors. In accordance with the Guidelines, Mr. Zarb has been named Interim Chairman of the Board. Mr. Zarb has expressed his intention to serve as Interim Chairman only for a limited period and has requested that the Nominating and Governance Committee address the issue of a successor for the Chairman position prior to the end of 2005. The Guidelines were also amended to reflect that at least two-thirds of the directors shall be independent under the New York Stock Exchange (NYSE) listing standards. These modifications have been and any further modifications will be reflected in the Corporate Governance section of *www.aigcorporate.com*.

In addition, AIG has adopted a Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics and a Code of Conduct for employees, which are available free of charge or through the Investor Information section of *www.aigcorporate.com*. 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 Securities and Exchange Commission (SEC) and the NYSE.

Using the Director Independence Standards, which are included as Appendix B to this Proxy Statement and which were last amended in March 2005 to conform to changes in NYSE rules, the Board, upon the recommendation of the Nominating and Corporate Governance Committee, determined that Mrs. Hills and Messrs. Aidinoff, Chia, Marshall Cohen, William Cohen, Feldstein, Hammerman, Holbrooke, Miles, Offit and Zarb are independent under the current NYSE listing standards.

In making their independence determinations, the Nominating and Corporate Governance Committee and the Board reviewed the charitable contributions made by The Starr Foundation to the organizations with which the directors are affiliated. The Starr Foundation was established and principally funded by C.V. Starr and his estate.

The Starr Foundation made contributions of $1,325,000 to the National Bureau of Economic Research (the Bureau) to establish the C.V. Starr Research Fund for International Economics (the Research Fund) in 2002. Mr. Feldstein is president and chief executive officer of the Bureau. These donations were made solely to establish the Research Fund, and Mr. Feldstein has advised the Nominating and Corporate Governance Committee that there is no present intention to seek additional funding for the Bureau from The Starr Foundation. The Board, upon the recommendation of the Nominating and Corporate Governance Committee, has determined that these contributions do not impair Mr. Feldstein s independence for purposes of the NYSE listing standards.

There were five regularly scheduled meetings of the Board during 2004 and seven meetings to date in 2005. 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. The non-management directors meet in executive session, without any management directors present, either before or after each regularly scheduled Board meeting. Mr. Zarb presides at these executive sessions.

AIG has adopted policies on reporting of concerns regarding accounting and other matters and on communicating with non-management directors, which are available in the Corporate Governance section of *www.aigcorporate.com*.

Audit Committee

The Audit Committee, which held 16 meetings during 2004 and 14 meetings to date in 2005, assists 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. Mr. Frank J. Hoenemeyer chaired the Audit Committee, which included Messrs. Aidinoff, Chia and Zarb and Mrs. Hills,

during 2004. Messrs. Miles and Offit joined the Audit Committee on May 18, 2005. The Board has determined, upon 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 each member of the Audit Committee is financially literate within the meaning of the NYSE listing standards and that Mr. Hoenemeyer is an audit committee financial expert for purposes of the SEC rules and has accounting or related financial management expertise for purposes of the NYSE listing standards. Although designated as an audit committee financial expert, Mr. Hoenemeyer is not an accountant for AIG and, under the 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. Mr. Hoenemeyer 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. The Nominating and Corporate Governance Committee has recommended that Mr. Offit be named Chairman of the Audit Committee upon Mr. Hoenemeyer s retirement from the Board at the Annual Meeting.

Nominating and Corporate Governance Committee

Mr. Aidinoff chairs the Nominating and Corporate Governance Committee, which held five meetings in 2004 and six meetings to date in 2005 and which also included Messrs. Marshall Cohen and Zarb and Mrs. Hills, all of whom the Board has determined, upon the recommendation 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 recommend individuals to the Board of Directors for nomination, election or appointment as members of the Board and its committees and to review on an ongoing basis the corporate governance principles and practices that should apply to AIG. In early 2005, the Nominating and Corporate Governance Committee nominated Mr. Hammerman to serve as a director, and the Board accepted the recommendation and elected him a director on March 7, 2005. Mr. Hammerman was initially identified by Mr. Greenberg as a potential nominee for director. Also in 2005, the Nominating and Corporate Governance Committee nominated Messrs. Miles and Offit to serve as directors, and the Board accepted the recommendation and elected them directors on April 21, 2005. Messrs. Miles and Offit were initially identified as potential nominees by Mr. Richard Beattie of Simpson Thacher & Bartlett LLP, counsel to the independent directors, and Mr. Zarb, respectively.

The Nominating and Corporate Governance Committee will consider nominees recommended by the shareholders. The Guidelines include a listing of the characteristics that the Nominating and Corporate Governance Committee considers important for nominees for director. The Nominating and Corporate Governance Committee 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 2006 Annual Meeting of Shareholders may do so by submitting in writing such nominees names, in compliance with the procedures described under Shareholder Proposals For 2006 Annual Meeting in this Proxy Statement.

Compensation Committee

The Compensation Committee, which held six meetings during 2004 and seven meetings to date in 2005, oversees the administration of AIG s compensation programs, establishes the compensation of the Chief Executive Officer and makes recommendations with respect to compensation programs applicable to senior executives and other employee compensation. Messrs. Marshall Cohen, William Cohen, Hoenemeyer and Holbrooke are the current members of the Compensation Committee, with Mr. Marshall Cohen serving as the Chairman. The Board has determined, upon the recommendation of the Nominating and Corporate Governance Committee, that all members of the Compensation Committee are independent under the NYSE listing standards.

Other Committees

The principal function of the Executive Committee, which acted only by unanimous written consent in 2004 and 2005, is to act for the Board between Board meetings. In 2004, Messrs. Aidinoff, Greenberg, Hoenemeyer, Smith and Zarb and Mrs. Hills comprised the Executive Committee, with Mr. Zarb serving as

the Chairman. On

April 21, 2005, the Board of Directors reconstituted the Executive Committee which now consists of Messrs. Sullivan, Kanak, Hoenemeyer, Aidinoff, Marshall Cohen and Zarb, and is chaired by Mr. Sullivan.

The Finance Committee, which oversees the financial affairs and investment activities of AIG and its subsidiaries, held 12 meetings during 2004 and four meetings to date in 2005. Ms. Futter and Messrs. Aidinoff (until May 2004), Chia, Feldstein, Greenberg (until March 2005), Hoenemeyer, Holbrooke, Smith (until March 2005), and Zarb served as members of the Finance Committee during 2004 and to date in 2005. The Finance Committee was chaired by Mr. Greenberg until March 2005 and is now chaired by Mr. Sullivan.

On April 21, 2005, the Board established two new committees: the Regulatory, Compliance and Legal Committee and the Public Policy and Social Responsibility Committee. Current members of the Regulatory, Compliance and Legal Committee are Messrs. Hammerman, who serves as chairman, Aidinoff and Marshall Cohen and Ms. Futter. The Public Policy and Social Responsibility Committee is chaired by Mr. Holbrooke and includes Messrs. William Cohen, Feldstein and Miles.

Mr. Zarb, in his capacity as Interim Chairman, serves as an *ex officio* member of all standing committees of the Board.

Ownership of Certain Securities

The only persons who, to the knowledge of AIG, own in excess of five percent of the Common Stock of AIG are FMR Corp., 82 Devonshire Street, Boston, Massachusetts 02109, which filed a Schedule 13G on February 14, 2005, with respect to the 161,203,013 shares of AIG Common Stock held by it, and Starr International Company, Inc. (SICO). According to the Schedule 13G filed by FMR Corp., it is the parent company of various entities (collectively, Fidelity) that provide investment advisory and management services to the Fidelity Group of mutual funds. The FMR Corp. Schedule 13G states that Fidelity is the beneficial owner of an aggregate of 5.672 percent of the outstanding AIG Common Stock, 147,737,387 shares, as a result of providing these services to the funds, and that Fidelity International Limited, which operates as an entity separate from FMR Corp. and Fidelity, is the beneficial owner of 6,949,031 shares of AIG Common Stock. At March 31, 2005, SICO (which has executive offices at Clifton House, Lower Fitzwilliam Street, Dublin 2, Ireland) held 310,905,397 shares, or 11.98 percent, of the outstanding AIG Common Stock. The Starr Foundation and C.V. Starr & Co., Inc. (Starr) (both having executive offices at 345 Park Avenue, New York, New York) held 50,529,531 shares and 47,337,246 shares (including 18,644,278 shares held by the C.V. Starr & Co., Inc. Trust), or 1.95 percent and 1.82 percent, respectively, of the outstanding AIG Common Stock on that date.

The following table summarizes the ownership of equity securities of AIG, Starr, and SICO by the directors, by the current and former executive officers named in the Summary Compensation Table (as set forth under the heading Compensation of Directors and Executive Officers), and by the directors and current executive officers as a group.

Equity Securities of AIG, Starr and SICO Owned Beneficially as of March 31, 2005(1)(2)

	AIG Common Stock		Starr Common Stock		SICO Voting Stock	
Director or Executive Officer	Amount and Nature of Beneficial Ownership(3)(4)(5)(6)	Percent of Class	Amount and Nature of Beneficial Ownership(7)	Percent of Class	Amount and Nature of Beneficial Ownership	Percent of Class
M. Bernard Aidinoff	85,808	(8)	0		0	
Pei-yuan Chia	58,624	(8)	0		0	
Marshall A. Cohen	75,595	(8)	0		0	
William S. Cohen	2,500	(8)	0		0	
Martin S. Feldstein	73,829	(8)	0		0	
Ellen V. Futter	58,742	(8)	0		0	
M.R. Greenberg	46,467,855	1.79	4,000	17.11	10	8.33
Stephen L. Hammerman	0		0		0	
Carla A. Hills	80,548	(8)	0		0	
Frank J. Hoenemeyer	72,363	(8)	0		0	
Richard C. Holbrooke	15,800	(8)	0		0	
Donald P. Kanak	98,669	(8)	1,000	4.28	0	
Rodney O. Martin, Jr.	786,059	.03	250	1.07	0	
Kristian P. Moor	87,119	(8)	1,000	4.28	0	
Win J. Neuger	208,947	(8)	875	3.74	0	
Richard W. Scott	437,153	.02	250	1.07	0	
Howard I. Smith	509,564	.02	2,000	8.56	10	8.33
Martin J. Sullivan	129,791	(8)	1,250	5.35	0	
Thomas R. Tizzio	943,185	.04	1,250	5.35	10	8.33
Edmund S.W. Tse	1,337,017	.05	1,750	7.49	10	8.33
Jay S. Wintrob	2,087,515	.08	750	3.21	0	
Frank G. Zarb	16,900	(8)	0		0	
All Directors and Executive Officers of AIG as a Group (39 individuals)	55,415,449	2.13	18,875	74.87	40	33.32

(1) Additional information with respect to the Starr common and preferred stock can be found under the heading Investments in Starr. M.R. Greenberg retired as Executive Chairman and Chief Executive Officer on March 14, 2005, notified the Board of his resignation as Non-Executive Chairman on March 28, 2005 and resigned from the

Board on June 8, 2005. Howard I. Smith was terminated as Vice Chairman and Chief Financial Officer on March 14, 2005 and resigned from the Board on June 3, 2005. George L. Miles, Jr. and Morris W. Offit were elected to the Board of Directors subsequent to March 31, 2005. Neither of Messrs. Miles or Offit beneficially own any equity securities of AIG, Starr or SICO.

(2) Amounts of equity securities of Starr and SICO shown represent shares as to which the individual has sole voting and investment power. With respect to shares of AIG Common Stock, totals include shares as to which the individual shares voting and investment power as follows: Feldstein 23,727 shares with his wife, Greenberg 41,399,802 shares with his wife and 103,082 shares with co-trustees, Tse 3,555 shares with his wife, and all directors and executive officers of AIG as a group 42,061,880 shares.

(3) Amount of equity securities shown includes shares of AIG Common Stock subject to options which may be exercised within 60 days as follows: Aidinoff 36,593 shares, Chia 36,593 shares, M. Cohen

(footnotes continued on next page)

(footnotes continued from previous page)

36,593 shares, W. Cohen 2,500 shares, Feldstein 15,500 shares, Futter 36,593 shares, Greenberg 3,120,311 shares, Hills 36,593 shares, Hoenemeyer 15,500 shares, Holbrooke 12,500 shares, Kanak 74,953 shares, Martin 723,672, Moor 83,974, Neuger 112,811, Scott 399,983 shares, Smith 290,155 shares, Sullivan 90,750 shares, Tizzio 333,281, Tse 393,593 shares, Wintrob 741,870 shares, Zarb 12,500 shares, and all directors and executive officers of AIG as a group 8,390,107 shares. Amount of equity securities shown excludes 500 shares granted to each non-employee director during 2004 with delivery deferred until retirement from the Board.

(4) Amount of shares shown for each of Mr. Greenberg and Mr. Smith does not include 18,644,278 shares held as trustee for the C.V. Starr & Co., Inc. Trust, as to which each of them disclaims beneficial ownership. Inclusion of these shares would increase the percentage ownership of AIG Common Stock shown above for each of them by .72 percent.

(5) 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: Aidinoff 2,364 shares, Chia 403 shares, Hills 750 shares, Martin 1,125 shares, Scott 1,700 shares, Sullivan 424 shares, Tizzio 54,266 shares, Wintrob 4,009 shares, Zarb 4,945 shares, and all directors and executive officers of AIG as a group 18,779,268 shares.

(6) Amount of shares shown for Mr. Greenberg also excludes 4,909,940 shares owned directly by Starr (representing 17.11 percent of the shares owned directly by Starr) as to which Mr. Greenberg disclaims beneficial ownership.

(7) As of January 31, 2005, Starr also had outstanding 6,000 shares of Common Stock Class B, a non-voting stock, 3,838 shares of Preferred Stock, Series X-1 and 220 shares of Special Preferred Stock, Series One. None of the named individuals holds such shares. As of January 31, 2005, the named individuals beneficially owned the following aggregate shares of various series of Starr Preferred Stock (out of an aggregate total outstanding of 393,233 shares): Greenberg (118,000); Kanak (4,375); Martin (750); Moor (5,250); Neuger (4,375); Scott (250); Smith (20,250); Sullivan (5,750); Tizzio (28,375); Tse (20,500); and Wintrob (3,750). These named individuals received dividends of Starr Series W Preferred Stock in 2004 out of a total issued of 29,500 shares as follows: Greenberg (4,000); Kanak (750); Martin (250); Moor (875); Neuger (750); Scott (250); Smith (1,750); Sullivan (1,000); Tizzio (1,500); Tse (1,750) and Wintrob (750). Mr. Greenberg also beneficially owned 100 shares of Starr s 5% Senior Preferred Stock as of January 31, 2005. Additional information with respect to the Starr preferred stock can be found under the heading Investments in Starr.

(8) Less than .01 percent.

At March 31, 2005, Mr. Greenberg and Mr. Tizzio owned 56,250 shares and 87,068 shares, respectively, of Transatlantic common stock and the named individuals also held options which may be exercised within 60 days with respect to shares of Transatlantic and 21st Century Insurance Group (21st Century) as follows: Transatlantic common stock, $1.00 par value per share: Greenberg 137,500 shares, Smith 29,374 shares and Tizzio 54,686 shares; 21st Century common stock, without par value: Smith 36,000 shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, 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 2004 were: one late report filed by Mr. Steven J. Bensinger, an executive officer, reporting the purchase of 24 shares on March 5, 2004; one late report filed by Mr. Axel I. Freudmann, an executive officer, reporting three sales involving an aggregate of 15,331 shares on December 2, 2004, December 21, 2004 and December 22, 2004; three late reports

filed by Mr. Greenberg reflecting

the disposition of an aggregate of 49 shares by Starr upon the exercise of stock options by Starr employees (41 shares on January 26, 2004 and eight shares on November 9, 2004) and the disposition of 450 shares by Starr relating to purchases by Starr employees of shares under the Starr Employee Stock Purchase Plan. Mr. Sullivan has filed one late report reflecting the acquisition of 424 shares as a result of his marriage in October 2002.

Compensation of Directors and Executive Officers

Compensation of Directors

Directors who are employees of AIG or its subsidiaries do not receive fees for service on the Board or the committees of the Board. Each other director of AIG currently receives director s fees of $40,000 per year, plus $1,500 for each Board meeting attended. An annual fee of $5,000 is paid to each member of each committee of the Board. Members of each committee also receive $1,500 for each committee meeting attended. Directors who are not employees of AIG or its subsidiaries are granted 500 shares of AIG Common Stock annually, receipt of which is deferred until retirement from the Board, pursuant to the AIG Director Stock Plan. In addition, under the AIG Amended and Restated 1999 Stock Option Plan, non-management directors receive annually an option which vests after one year and is exercisable for nine years thereafter to purchase 2,500 shares of AIG Common Stock at an option price equal to the fair market value of AIG Common Stock on the date of grant, which is the date of the Annual Meeting of Shareholders. Receipt of shares upon exercise of these options may be deferred at the election of the director. Certain directors who are not employees of AIG also serve as directors of various subsidiaries of AIG and receive fees for meeting attendance.

Summary Compensation Table

The following Summary Compensation Table sets forth the compensation for (i) the persons who during 2004 served as AIG s chief executive officer or were among AIG s four other most highly compensated executive officers (based on annual salary and bonus) and (ii) certain other current or former executive officers of AIG.

The persons named in the Summary Compensation Table also had positions with, and received payments from, Starr and SICO during 2004. These payments are described below under the heading Payments and Benefits Provided by Starr and SICO.

Summary Compensation Table

		Annual Compensation			Long Term Compensation		
					Awards	Payouts	
Name and Principal Position	Year	Salary	Bonus(1)	Other Annual Compensation(2)	Stock Options	SICO LTIP Payouts(3)(4)	All Other Compensation(5)
Current							
Martin J. Sullivan(6)	2004	$ 774,963	$ 830,000	$ 28,075	50,000	$ 4,202,880	$ 14,350
President and	2003	792,347	730,000	235,062	80,000		14,000
Chief Executive							
Officer	2002	593,500	440,000		40,000	1,851,200	11,000
Donald P. Kanak(7)(8)	2004	743,000	960,000	365,474	50,000	3,152,160	14,350
Executive Vice							
Chairman	2003	718,538	860,000	1,164,528	65,000		13,999
and Chief Operating	2002	554,710	553,917	1,684,589	75,000	1,851,200	11,000

Officer							
Jay S. Wintrob	2004	716,000	900,000	20,948	50,000	2,626,800	1,510,707
Executive Vice	2003	731,038	625,000		80,000		1,424,499
President Retirement	2002	716,000	490,000		40,000	1,851,200	6,469,372
Services							
Richard W. Scott(8)	2004	550,000	1,139,905	32,405	15,000	709,236	13,341
Senior Vice	2003	559,616	1,061,250		30,000		9,000
President Investments	2002	500,000	858,730		15,000	624,780	8,375

(table continued on next page)

		Annual Compensation			Long Term Compensation		
					Awards	Payouts	
Name and Principal Position	Year	Salary	Bonus(1)	Other Annual Compensation(2)	Stock Options	SICO LTIP Payouts(3)(4)	All Other Compensation(5)
Thomas R. Tizzio	2004	654,700	630,000	27,905	25,000	5,043,456	14,350
Senior Vice Chairman	2003	679,881	630,000		55,000	1,996,800	14,000
General Insurance	2002	654,700	655,000		30,000	3,702,400	10,500
Edmund S.W. Tse	2004	805,152	790,192	20,000	55,000	5,043,456	
Senior Vice Chairman	2003	815,156	746,859		100,000	1,784,880	
Life Insurance	2002	765,154	781,859		50,000	3,702,400	
Rodney O. Martin, Jr.	2004	682,000	918,767	30,006	40,000	1,050,720	1,586,947
Executive Vice President	2003	695,731	1,340,000	95,118	40,000		104,118
Life Insurance	2002	678,431	1,340,000	129,256	20,000	624,780	137,631
Kristian P. Moor	2004	628,298	635,000	14,245	40,000	3,152,160	12,692
Executive Vice President	2003	651,479	585,000		65,000		12,342
Domestic General Insurance	2002	568,273	365,000		30,000	1,851,200	9,782
Win J. Neuger	2004	902,154	560,000		50,000	3,152,160	9,225
Executive Vice President	2003	927,384	475,000		65,000		9,000
and Chief Investment Officer	2002	852,923	350,000		25,000	1,851,200	7,333
Former M.R. Greenberg(9)	2004	1,000,000	8,000,000	292,716	375,000	10,086,912	14,350
Former Chairman	2003	1,000,000	6,500,000		750,000		14,000
and Chief Executive	2002	1,000,000	5,000,000		375,000	11,107,200	11,000

Officer							
Howard I. Smith(10)	2004	631,154	730,000	29,700	60,000	4,202,880	14,350
Former Vice Chairman and	2003	654,231	680,000		100,000		14,000
Chief Financial Officer	2002	533,847	630,000		50,000	3,702,400	11,000

(1) Amounts shown for named executive officers other than Mr. Greenberg represent year-end bonuses and bonuses paid quarterly pursuant to a quarterly bonus program. Mr. Greenberg did not participate in the quarterly bonus program.

(2) Amounts shown for Mr. Sullivan represent tax equalization payments of $229,262 in 2003 in connection with the exercise of certain nonqualified stock options granted while Mr. Sullivan was resident in the United Kingdom and tax preparation and consultation services $8,075 (2004), $5,800 (2003) and $2,400 (2002). Amounts shown for Mr. Kanak represent the following expatriate benefits paid to Mr. Kanak due to his service in Japan: cost of living adjustment $335,423 (2004) and $156,312 in each of 2003 and 2002; tax equalization payments $715,224 (2003) and $1,239,195 (2002); housing costs $211,107 (2003) and $209,678 (2002); home leave airfare $16,080 (2003) and $15,243 (2002); foreign service premium $6,824 in each of 2003 and 2002; local education allowance $21,946 (2003) and $41,879 (2002); and also represents tax preparation and consultant services $7,831 (2004), $28,720 (2003) and $6,015 (2002); automobile allowance $2,743 (2003) and $3,555 (2002); club dues $5,573 (2003) and $5,888 (2002); and temporary living expense reimbursement $17,000 (2004). Amounts shown for Mr. Wintrob include an automobile allowance of $7,166 in 2004. Amounts shown for Mr. Martin include an automobile allowance of $14,400 in 2004, premiums paid by AGC for a group carve out individual life insurance policy of $4,385 (2003) and $4,120 (2002), the value of split-dollar life insurance ($78 in 2004, $90,733 in 2003 and $96,386 in 2002) which represents the present value of the interest projected to accrue on the current year s insurance premium paid by American General Corporation (AGC). Amounts shown for Mr. Greenberg and Mr. Tse include amounts attributable to the incremental cost of personal usage of automobiles in 2004 of $23,500 and $20,000, respectively. Amounts in 2004 also include amounts attributable to the incremental cost of personal usage of corporate aircraft as follows: Mr. Wintrob $13,782, Mr. Martin $15,527, Mr. Moor $14,245

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and Mr. Greenberg $266,180 and personal usage of car service as follows: Mr. Sullivan $20,000, Mr. Kanak $5,200, Mr. Tizzio $27,905 and Mr. Smith $29,700. Except as indicated above, perquisites for years prior to 2004 total less than $50,000 per individual.

(3) The LTIP payouts for 2004 will be made by SICO pursuant to its 2003-2004 Deferred Compensation Profit Participation Plan. Since 1975, SICO has provided benefits under a series of two-year Deferred Compensation Profit Participation Plans to senior AIG employees (SICO Plans). The original SICO Plan came into being in 1975 when the voting shareholders and Board of Directors of SICO, whose principal asset consists of AIG Common Stock, decided that a portion of the capital value of SICO should be used to provide an incentive plan for the current and succeeding management of all American International companies, including AIG. Participation in the SICO Plan by any person, and the amount of such participation, has been at the sole discretion of SICO s board of directors. Historically, SICO has delivered cash or AIG Common Stock under the SICO Plans; AIG has made no payments. In its restated financial statements AIG has recorded a charge to reported earnings in the periods restated for deferred compensation amounts granted to AIG employees by SICO, with an offsetting entry to additional paid-in capital, reflecting amounts deemed contributed by SICO. AIG is currently in the process of resolving and unwinding various relationships with SICO and Starr and has authorized the creation of a 2005-2006 Deferred Compensation Profit Participation Plan. This Plan will be modeled on the SICO Plan with respect to the 2003-2004 period, except that it will be administered by AIG and its costs will be borne directly by AIG. In addition, SICO has confirmed and AIG has, subject to certain conditions, assured, that all benefits accrued to employees under the SICO Plans through 2004 will be paid to employees in accordance with the terms of the SICO Plans.

(4) Amounts shown do not represent actual payments. Payments do not begin until the employee retires after reaching age 65. Amounts shown in 2004 represent the value, based on the closing sale price of AIG Common Stock on December 31, 2004 ($65.67), of shares of AIG Common Stock contingently allocated with respect to the January 1, 2003 to December 31, 2004 period but not distributed under the 2003-2004 SICO Plan. Amounts shown in 2002 represent the value, based on the closing sale price of AIG Common Stock on December 31, 2002 ($57.85), of shares of AIG Common Stock contingently allocated with respect to the January 1, 2001 to December 31, 2002 period but not distributed under the 2001-2002 SICO Plan. The values shown for the year 2004 represent the number of AIG shares contingently allocated to the named executive officers as follows: Sullivan 64,000 shares; Kanak 48,000 shares; Wintrob 40,000 shares; Scott 10,800 shares; Tizzio 76,800 shares; Tse 76,800 shares; Martin 16,000 shares; Moor 48,000 shares; Neuger 48,000 shares; Greenberg 153,600 shares and Smith 64,000 shares. The values shown for the year 2002 represent the number of AIG shares contingently allocated to the named executive officers as follows: Sullivan 32,000 shares; Kanak 32,000 shares; Wintrob 32,000 shares; Scott 10,800 shares; Tizzio 64,000 shares; Tse 64,000 shares; Martin 10,800 shares; Moor 32,000 shares; Neuger 32,000 shares; Greenberg 192,000 shares and Smith 64,000 shares. The right to payouts is subject to forfeiture under certain conditions, including the participant s termination of employment with AIG and its subsidiaries before normal retirement age other than by death or disability (unless the SICO board determines to reinstate the payout right). The SICO Board of Directors currently may permit the early payout of units under certain circumstances. No executive named in the Summary Compensation Table other than Mr. Martin is eligible for early payout with respect to units awarded to them. Prior to earning the right to payout, the participant is not entitled to any equity interest with respect to underlying shares. In addition, SICO s board of directors currently makes the final decision whether to pay a participant cash in lieu of shares of AIG Common Stock.

(5) Amounts shown for each of Sullivan, Kanak, Scott, Moor and Neuger represent solely matching contributions under the AIG savings plan (401(k) Plan). Amounts shown for Mr. Tizzio include matching contributions under the 401(k) plan of $14,350 in 2004, $14,000 in 2003 and $10,500 in 2002.

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Amounts shown for Mr. Smith include matching contributions of $14,350 in 2004, $14,000 in 2003 and $21,000 in 2002. Amounts shown for Mr. Greenberg include matching contributions of $14,350 in 2004, $14,000 in 2003 and $11,000 in 2002. Amounts shown for Mr. Wintrob include matching contributions under the 401(k) Plan of $14,350 (2004) and $14,000 (2003), $5,000,000 paid in 2002 as a retention bonus paid pursuant to an agreement entered into in connection with the acquisition of SunAmerica Inc. and $1,496,357 (2004), $1,410,499 (2003) and $1,469,372 (2002) paid under a SunAmerica Five-Year Deferred Bonus Plan from awards granted in 2000 and 2001, which pays out in 20 percent installments over five years of continued employment. Amounts shown for Mr. Martin include matching contributions under the 401(k) Plan of $9,225 (2004), $9,000 (2003) and $8,375 (2002), matching contributions under the AGC Thrift Plan of $8,500 (2002) and the AGC Supplementary Thrift Plan of $20,250 (2002) and $1,577,722 which is the value on December 31, 2004 of 24,025 shares of AIG Common Stock representing performance share units awarded under an employment agreement with Mr. Martin negotiated in connection with AIG s acquisition of AGC in August 2001. Under the employment agreement, during the employment period (August 29, 2001 through August 29, 2004), Mr. Martin was entitled to receive a base salary of not less than $650,000, an annual bonus of not less than $1,250,000 and a supplemental bonus of $90,000. The employment agreement also contained provisions relating to the payment of benefits upon the termination of Mr. Martin s employment during the employment period.

(6) Mr. Sullivan was elected President and Chief Executive Officer as of March 14, 2005. Prior thereto he was Vice Chairman and Co-Chief Operating Officer.

(7) Mr. Kanak was elected Executive Vice Chairman and Chief Operating Officer as of March 14, 2005. Prior thereto he was Vice Chairman and Co-Chief Operating Officer.

(8) In 2002, Mr. Kanak and Mr. Scott received restricted stock units with respect to 20,000 shares of AIG Common Stock with a value of $1,226,000 on the date of grant and 6,500 shares of AIG Common Stock with a value of $398,450 on the date of grant, respectively, which vest on the fourth anniversary of the date of grant. As of December 31, 2004, these restricted stock units had a value of $1,313,400 and $426,855, respectively, based on the closing sale price of AIG Common Stock on December 31, 2004 ($65.67).

(9) Mr. Greenberg retired as Chairman and Chief Executive Officer on March 14, 2005.

(10) Mr. Smith was terminated as Vice Chairman and Chief Financial Officer on March 21, 2005.

In order to facilitate the performance of their management responsibilities, AIG provides to Messrs. Sullivan and Tse (and, before his retirement, provided to Mr. Greenberg) automobiles and drivers and to these individuals and other officers and employees the use of corporate aircraft, club memberships, recreational opportunities and clerical and investment management services. From time to time Starr also made a yacht owned by SICO available to AIG officers and employees. These facilities are provided for use for business purposes and the costs thereof incurred by AIG are considered ordinary and necessary business expenses. The incremental cost of any personal benefit these persons derive from the use of these facilities or from the services provided by AIG for 2004 has been included, under the column Other Annual Compensation, in the Summary Compensation Table. For prior years shown in the Summary Compensation Table, the incremental cost to AIG was de minimis or there was no incremental cost to AIG because these benefits were provided by Starr or SICO.

In connection with the employment and relocation to New York of Mr. Frank G. Wisner, an executive officer, in 1997 AIG paid certain expenses involved with his purchase of a cooperative apartment and has provided credit support for his mortgage. During 2004, AIG continued to provide the mortgage loan to Mr. Sullivan that had been initiated in connection with his relocation from London to New York in 1996. The maximum amount of such loan outstanding during 2004 and at January 31, 2005 was $285,375 at an interest rate of 1.98 percent per annum. During January 2004, AIG continued to provide Mr. R. Kendall Nottingham, an executive officer, a mortgage loan with an

effective annual interest rate of 2.30 percent per annum. The

maximum amount of such loan outstanding before it was repaid in January 2004 was the yen equivalent of $2,779,000.

AIG maintains a policy of directors and officers liability insurance for itself, its directors and officers, its subsidiaries, and their directors and officers. The premium for the year ending May 24, 2005 was approximately $9.4 million. AIG has obtained coverage for the year ending May 24, 2006 at a premium of approximately $32.8 million.

Executive Employment Agreements

On June 27, 2005, AIG entered into a definitive employment agreement with each of Messrs. Sullivan, Kanak and Bensinger. Under the employment agreements, Mr. Sullivan serves as AIG s President and Chief Executive Officer, Mr. Kanak serves as AIG s Executive Vice Chairman and Chief Operating Officer and Mr. Bensinger serves as AIG s Executive Vice President and Chief Financial Officer. Each employment agreement is effective for a three-year term, commencing on March 14, 2005 (the Effective Date), unless earlier terminated as provided in the agreement, and, in each case, supersedes the respective letter of understanding dated March 16, 2005 delivered to each of the executives.

Annual Base Salary. The annual base salaries for the executives are $1,000,000 for Mr. Sullivan, $800,000 for Mr. Kanak and $750,000 for Mr. Bensinger each of which is reviewed annually and may be increased by the Compensation Committee.

Annual Non-Variable Compensation. AIG is obligated to make additional cash payments to each executive with respect to each of AIG s 2005, 2006 and 2007 fiscal years. These payments are due no later than March 31 of the fiscal year following each of fiscal years 2005, 2006 and 2007. The payments are calculated by reducing from a specified dollar amount for the executive the amount of cash compensation received by the executive from certain other compensation arrangements. If the amount of this offset is equal to or greater than the specified dollar amount, no amount is due the executive under this provision of the employment agreement. The amount of the offset is the aggregate of amounts received by the executive with respect to the applicable fiscal year as (1) supplemental quarterly (or other periodic) interim cash bonuses paid by AIG, and (2) cash dividends paid on any common and preferred stock of Starr held by the executive. In addition, for Messrs. Sullivan and Kanak, the amount of the offset will include amounts received by the executive during 2005 in his capacities as a director of SICO and Starr. None of Messrs. Sullivan, Kanak or Bensinger continues to serve as an officer or director of SICO or Starr. Accordingly, no bonuses or directors fees are expected to be paid by either SICO or Starr to any of the executives going forward. The specified dollar amounts that are reduced by the offset described above are $1,125,000 for Mr. Sullivan, $1,000,000 for Mr. Kanak and $750,000 for Mr. Bensinger.

Transition Payment. Each executive is entitled to a one-time transition cash payment, paid in four equal installments, on the following dates, unless the executive s employment is terminated by AIG for Cause or by the executive without Good Reason (as such terms are defined in the employment agreements): (1) the date of signing of the employment agreement, and (2) the last day of each of the second, third and fourth fiscal quarters of AIG in 2005. The amount of the transition payment is: $4,875,000 for Mr. Sullivan, $1,100,000 for Mr. Kanak and $1,000,000 for Mr. Bensinger.

Long-Term and Equity-Based Incentives. Each executive is eligible to participate in AIG s long-term incentive and equity-based compensation plans on the basis determined by the Compensation Committee, and the executive is entitled to the specific awards described below.

2005 Grant. AIG is obligated to grant each executive long-term incentive or equity-based compensation awards for 2005 no later than March 31, 2006. The value of the awards that must be granted by such date is calculated by reducing from a specified dollar value (the 2005 Equity Grant Value) the value of awards received by the executive from certain other long-term incentive and equity-based compensation arrangements (the LTI Arrangements) in respect of 2005 (all such values will be reasonably determined by the Compensation Committee as of the date of grant). If the value of the awards granted to the executive pursuant to the LTI Arrangements is equal to or greater than the

executive s 2005 Equity Grant Value, AIG is not required to grant the executive any additional awards under this provision. The LTI Arrangements are (1) AIG stock options and other equity awards granted to the executive no later than December 31, 2005, in respect of fiscal year 2005, (2) the annualized value of awards made to the executive pursuant to arrangements with AIG intended to replace the SICO Plans and other programs previously provided by SICO and (3) preferred stock awarded to the executive by Starr in respect of any Starr common stock held by the executive and any growth in book value attributable to such common stock. The 2005 Equity Grant Value is $8,000,000 for Mr. Sullivan, $5,600,000 for Mr. Kanak and $4,000,000 for Mr. Bensinger.

2006 and 2007 Grants. With respect to each of fiscal years 2006 and 2007, each executive is eligible for long-term or equity-based awards, which, together with the executive s annual cash bonus targets for such years (described below), will have the following total target values (each, a Target Total Incentive): $12,875,000 for Mr. Sullivan, $6,700,000 for Mr. Kanak and $5,000,000 for Mr. Bensinger. The amounts actually awarded are offset by the value of awards received under the LTI Arrangements in respect of such year (all such values will be reasonably determined by the Compensation Committee as of the date of grant).

Annual Cash Bonus. Each executive may receive an annual cash bonus, as determined in the discretion of the Compensation Committee, based on the performance of AIG and the executive. For each of the 2006 and 2007 fiscal years, the executive is eligible for an annual cash bonus based on the attainment of targets established by the Compensation Committee, which, together with the target value of any long-term or equity-based award in respect of such year, will equal the executive s Target Total Incentive, described above.

Employee Benefits and Perquisites. During the employment term, each executive is entitled to participate in AIG s employee benefit and perquisite plans (other than severance and change-in-control plans) on the same basis as other senior executives of AIG. AIG has also agreed to negotiate in good faith with Mr. Bensinger to determine, prior to January 1, 2006, the nature of Mr. Bensinger s participation in AIG s Supplemental Executive Retirement Plan.

Severance Payments and Benefits. If the executive s employment is terminated by AIG without Cause or by the executive for Good Reason, the executive is entitled to the following payments and benefits, subject to the executive s execution of a release of claims against AIG and its directors, officers and affiliates and continued compliance with restrictive covenants set forth in the employment agreement and described below:

a pro rata portion of the annual cash bonus for the fiscal year of termination, payable as soon as reasonably practicable following the date of termination (the Pro-Rata Bonus);

an amount equal to the greater of (1) the sum of (A) three times annual base salary and (B) three times the actual annual cash bonus paid with respect to the fiscal year preceding termination, and (2) for Mr. Sullivan, $15,000,000, for Mr. Kanak, $10,000,000 and for Mr. Bensinger, $7,500,000, paid in installments over the 12 to 18-month non-compete period (as described below) following the executive s termination;

continued health and life insurance for up to 36 months after termination;

three years of additional service and age under AIG s pension plans (other than tax-qualified plans) for purposes of benefit accrual, matching contributions, vesting and eligibility for retirement; and

if the executive (i) is not eligible to participate in any retiree medical or life insurance program of AIG at termination and (ii) would have at least 10 years of service with AIG and reached age 55 if credited with three years of additional age and service at termination, then AIG will purchase medical and/or life insurance policies that provide coverage as comparable as commercially available to coverage under AIG retiree medical and/or life insurance programs.

The payments and benefits described above cease if, after the executive s termination of employment and before the payments and benefits are due, the Board determines that grounds existed on or prior to the date of termination, including prior to the Effective Date, for AIG to terminate the executive s employment for Cause. Severance payments are not included in the calculation of a pension benefit, and the executive is not entitled to

receive any payment pursuant to any non-qualified AIG pension plan until the date the executive has ceased receiving severance payments.

Payment Schedule for Severance, Pro Rata Bonus. If necessary to avoid the application of Section 409A of the Internal Revenue Code (the Code) to amounts payable to the executive in connection with a termination of employment, the executive will not receive any amounts until the first scheduled payroll date that occurs more than six months following termination of employment (the First Payment Date) and, on the First Payment Date, AIG will pay the executive the sum of all amounts that would have been payable in respect of the period preceding the First Payment Date but for the delay imposed on account of Section 409A of the Code.

Gross-Up for Golden Parachute Excise Taxes and for Tax Equalization. To the extent any amounts payable to the executive, whether under the employment agreements or otherwise, are subject to any golden parachute excise taxes under Section 4999 of the Code, AIG will gross up such amounts in an amount equal to the excise taxes imposed, including any income taxes and excise taxes imposed on the gross up payments, and any interests and penalties associated with such excise taxes. In the case of Mr. Kanak, AIG will also gross up the excess of (i) any Japanese tax liability imposed on his income from AIG due to his being reassigned to the Far East in 2005, in respect of his employment with AIG prior to January 1, 2004, over (ii) the hypothetical federal income tax liability to which he would have been subject on such income had he resided in the United States.

Restrictive Covenants. Each executive is bound by the following covenants during the employment agreement term and at all times following termination except as otherwise described below:

Non-Competition and Non-Solicitation. While employed by AIG and if the executive s employment is terminated by AIG during the term of the employment agreement, for 12 months following termination for any reason (or for 18 months following termination by the executive for Good Reason resulting from failure of the Compensation Committee to adopt, by December 31, 2005, an incentive compensation program for 2006 and 2007 that is acceptable to the executive), the executive will generally be prohibited from (1) engaging in, being employed by, rendering services to, or acquiring financial interests in businesses that are competitive with AIG, (2) interfering with AIG s business relationships with customers, suppliers, or consultants, or (3) soliciting or hiring certain key employees of AIG;

Cooperation. Each executive must cooperate with AIG in the defense of legal matters and with government authorities on matters pertaining to investigations, litigation or administrative proceedings pertaining to AIG;

Non-Disparagement. Each executive is prohibited from making certain disparaging statements about AIG or its officers, directors or managers;

Codes of Conduct. Each executive must abide by AIG s codes of conduct; and

Non-Disclosure of Confidential Information. Each executive may not disclose AIG s confidential information.

Indemnification and Legal Fees. AIG has agreed to indemnify each executive to the fullest extent permitted by the laws of Delaware for acts or omissions made in their service to AIG. Each executive is entitled to full reimbursement of their reasonable legal fees incurred in connection with disputes arising under the employment agreement if the executive substantially prevails in any such dispute.

Options

The following table summarizes information with respect to grants of options to purchase AIG Common Stock during 2004 to the individuals named in the Summary Compensation Table, to all executive officers of AIG as a group, to all directors who are not executive officers of AIG as a group, and to all employees other than executive officers as a group.

Option Grants in 2004

Name	Date of Grant	Options Granted(1)	Percentage of Total Options Granted to Employees During 2004	Exercise Price Per Share	Expiration Date	Grant Date Value(2)
Current						
Martin J. Sullivan	12/16/04	50,000	1.61	$64.47	12/16/14	$1,280,500
Donald P. Kanak	12/16/04	50,000	1.61	64.47	12/16/14	1,280,500
Jay S. Wintrob	12/16/04	50,000	1.61	64.47	12/16/14	1,280,500
Richard W. Scott	12/16/04	15,000	.48	64.47	12/16/14	384,150
Thomas R. Tizzio	12/16/04	25,000	.80	64.47	12/16/14	640,250
Edmund S.W. Tse	12/16/04	55,000	1.77	64.47	12/16/14	1,408,550
Rodney O. Martin	12/16/04	40,000	1.29	64.47	12/16/14	1,024,400
Kristian P. Moor	12/16/04	40,000	1.29	64.47	12/16/14	1,024,400
Win J. Neuger	12/16/04	50,000	1.61	64.47	12/16/14	1,280,500
Former						
M.R. Greenberg	12/16/04	375,000	12.07	64.47	12/16/14	9,603,750
Howard I. Smith	12/16/04	60,000	1.93	64.47	12/16/14	1,536,600
Groups(3)						
All Executive Officers of AIG as a Group (28 Individuals)	12/16/04	1,047,500	33.72	64.47	12/16/14	26,826,475

All Directors who are not Executive Officers of AIG as a Group (10 Individuals)					
5/19/04	25,000	N/A	69.55	5/19/14	690,699
All Employees other than Executive Officers as a Group					
Various	2,058,600	66.28	64.72(4)	Various	52,720,746

(1) All options were granted pursuant to the Amended and Restated 1999 Stock Option Plan at an exercise price equal to the fair market value of such stock at the date of grant. The option grants to all executive officers, including the named individuals, provide that 25 percent of the options granted on any date become exercisable on each anniversary date in each of the successive four years and expire ten years from the date of grant.

(2) Value calculated based on AIG s binomial option-pricing model. The AIG model uses AIG s historical exercise experience to determine the option value which takes into account the early exercise of employee options. The following weighted average assumptions were used for stock options granted in 2004: a dividend yield of 0.36 percent; expected volatility of 34.4 percent; risk-free interest rate of 3.87 percent; and an expected term of seven years.

(3) Includes individuals who held those positions as of December 31, 2004.

(4) Weighted average exercise price per share.

Messrs. Greenberg, Smith and Tizzio were granted options to purchase 16,000 shares, 8,000 shares and 8,000 shares, respectively, of common stock of Transatlantic at an exercise price of $60.34 per share (the fair market value of Transatlantic common stock on the date of grant) on December 2, 2004 as compensation for services to Transatlantic. These grants provide that 25 percent of the options granted become exercisable on each anniversary date in each of the successive four years and that the options expire ten years from the date of grant. In addition, Mr. Greenberg received $75,000 in director s fees in each of 2004, 2003 and 2002, Mr. Smith received

$40,500, $31,850 and $21,000 in directors fees in 2004, 2003 and 2002, respectively, and Mr. Tizzio received $46,500, $34,050 and $23,800 in directors fees in 2004, 2003 and 2002, respectively, from Transatlantic.

Mr. Smith and Mr. Robert M. Sandler, an executive officer, were each granted options to purchase 4,000 shares of common stock of 21st Century at a price of $12.87 per share (the fair market value of 21st Century common stock on the date of grant) on May 26, 2004 as compensation for services to 21st Century. These options became exercisable on May 26, 2005 and expire ten years from the date of grant. Mr. Sandler and Mr. Bensinger were each granted options to purchase 4,000 shares of common stock of 21st Century at a price of $13.61 per share (the fair market value of 21st Century common stock on the date of grant) on May 25, 2005 as compensation for services to 21st Century. These options become exercisable on May 25, 2006 and expire ten years from the date of grant.

The following table summarizes information with respect to the exercise of options to purchase AIG Common Stock during 2004 by the individuals named in the Summary Compensation Table and the unexercised options to purchase AIG Common Stock held by such individuals at December 31, 2004.

Aggregated Option Exercises during the Year Ended December 31, 2004 and December 31, 2004 Option Values

Name	Shares Acquired on Exercise	Value Realized(1)	Number of Unexercised Options at December 31, 2004 Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at December 31, 2004(2) Exercisable/Unexercisable
Current				
Martin J. Sullivan	4,218	$165,028	80,750/133,750	$668,688/759,100
Donald P. Kanak			68,703/138,750	460,759/754,288
Jay S. Wintrob	162,316	10,523,498	731,870/163,750	34,417,907/759,100
Richard W. Scott			397,485/75,542	3,128,010/280,163
Thomas R. Tizzio	94,921	5,163,826	325,781/88,750	8,548,567/547,875
Edmund S.W. Tse	44,296	1,744,877	381,093/167,500	7,423,844/939,875
Rodney O. Martin, Jr.			718,672/175,754	4,126,280/397,550
Kristian P. Moor			76,474/107,500	745,157/578,775
Win J. Neuger	94,921	3,901,348	106,561/115,000	2,065,278/516,288

Former

M.R. Greenberg
158,203(3) 7,821,762(3) 1,901,561/1,218,750 30,992,176/7,004,063
Howard I. Smith
25,312 1,235,957 277,655/170,000 4,641,770/945,875

(1) Aggregate market value on date of exercise (closing sale price as reported in the NYSE Composite Transactions Report) less aggregate exercise price.

(2) Aggregate market value on December 31, 2004 (closing sale price as reported in the NYSE Composite Transactions Report) less aggregate exercise price.

(3) Receipt of 115,812 shares with an aggregate value of $5,725,896 was deferred.

Long-Term Incentive Plans

As discussed in the notes to the Summary Compensation Table, since 1975 SICO has provided a series of two-year Deferred Compensation Profit Participation Plans to senior AIG employees. AIG has authorized the creation of a 2005-2006 Deferred Compensation Profit Participation Plan (the 2005-2006 Plan) that will be modeled on the SICO Plan with respect to the 2003-2004 period, except that the 2005-2006 Plan will be administered by AIG and its costs will be borne directly by AIG. Shares will be issued pursuant to the Amended and Restated 2002 Stock Incentive Plan to satisfy obligations under this plan. AIG has determined the number of units that will be granted to each AIG employee under the 2005-2006 Plan. However, the documentation for the new 2005-2006 Plan has not been finalized or approved and formal awards have not yet been issued.

The following table summarizes information with respect to benefits under the forthcoming 2005-2006 Deferred Compensation Profit Participation Plan that will be awarded to the individuals named in the Summary Compensation Table once the 2005-2006 Plan is finalized.

Long-Term Incentive Plans

Name	Number of Units(1)	Unit Award Period	Estimated Future Payouts(2)
Current			
Martin J. Sullivan	4,000	Two years	64,000 Shares
Donald P. Kanak	3,500	Two years	56,000 Shares
Jay S. Wintrob	3,000	Two years	48,000 Shares
Richard W. Scott	950	Two years	15,200 Shares
Thomas R. Tizzio	3,000	Two years	48,000 Shares
Edmund S.W. Tse	4,000	Two years	64,000 Shares
Rodney O. Martin, Jr.	1,200	Two years	19,200 Shares
Kristian P. Moor	3,500	Two years	56,000 Shares
Win J. Neuger	3,400	Two years	54,400 Shares
Former			
M.R. Greenberg			
Howard I. Smith			

(1) Awards represent grants of units that will be made under the forthcoming 2005-2006 Deferred Compensation Profit Participation Plan with respect to the two-year period from January 1, 2005 through December 31, 2006. The number of shares of AIG Common Stock, if any, allocated to a unit for the benefit of a participant under the 2005-2006 Plan will be dependent primarily upon two factors: the growth in earnings per share of AIG during the 2005-2006 award period as compared to the 2003-2004 period and the book value of AIG at the end of the award period. As a result, the number of shares to be allocated with respect to units to be awarded for the 2005-2006 period and the value of such shares upon future payout cannot be determined at this time. See Note 2 below.

(2) The number of shares to be allocated with respect to units to be awarded for the 2005-2006 period cannot be determined at this time. The Estimated Future Payouts column represents the number of shares that would be contingently allocable to the named individuals if, at the end of 2006, the criteria used to allocate shares to units

were the same as those used by the Board of Directors of SICO for the 2003-2004 period. However, any share allocation made under the 2005-2006 Plan will be made by the Compensation Committee of AIG s Board of Directors. Before obtaining the right to a payout, no participant will have any equity interest with respect to shares allocated to him or her and the allocated shares will be subject to forfeiture under certain conditions, including, unless the Compensation Committee otherwise determines, the participant s voluntary termination of employment with AIG prior to normal retirement age other than by death or disability.

Equity Compensation Plan Information

The following table provides information as of December 31, 2004, regarding equity compensation plans under which equity securities of AIG are authorized for issuance:

Plan Category		Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(1)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the Second Column)
Equity compensation plans approved by security holders				
	1991 Employee Stock Option Plan	6,697,067	$ 41.68	
	Amended and Restated 1999 Stock Option Plan	21,719,486	66.47	23,164,449
	Amended and Restated 2002 Stock Incentive Plan	1,368,020	64.81(2)	16,631,980(3)
	Director Stock Plan	8,375		91,250
Equity compensation plans not approved by security holders	Option Plan for Directors(4)	243,125	20.33	
Total		30,036,073	60.29(5)	39,887,679

(1) In connection with acquisition transactions, options with respect to 26,046,450 shares were outstanding as a result of AIG s assumption of options granted by the acquired entities, at a weighted average option exercise price of $42.46 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) Weighted average value of restricted stock units at date of grant.

(3)

An additional 1,000,000 shares become available for grant or award in each year pursuant to the terms of the Amended and Restated 2002 Stock Incentive Plan.

(4) Effective with the approval of the 1999 Stock Option Plan by the Board of Directors in September 1999, option grants to directors were made pursuant to that plan. Prior thereto, options were granted to directors under the Option Plan for Directors. Under such plan, options were granted at an option price equal to the fair market value of AIG Common Stock on the date of grant, vesting after one year and exercisable for nine years thereafter.

(5) Excludes restricted stock units.

Pension Benefits

The executives named in the Summary Compensation Table participate in a series of tax qualified and non-qualified retirement plans that provide retirement benefits to designated executives and key employees. Under the plans, annual retirement benefits, not to exceed 60 percent of Average Final Compensation, accrue at a rate of 2.4 percent of Average Final Compensation for each year of service or fraction thereof for each full month of active employment. The benefit payable under the plans is reduced by payments from Social Security and any payments from a qualified pension plan of a prior employer. Certain of the plans allow participants over the age of 70 1/2 the option to commence their benefits while still employed. The benefit cannot commence until at least one year after the date of such election.

Annual amounts of normal retirement pension commencing at normal retirement age of 65 based upon Average Final Compensation and credited service under these retirement plans are illustrated in the following table:

Estimated Annual Pension at Age 65

Average Final Compensation	10 Years	15 Years	20 Years	25 Years	30 Years	35 Years	40 Years
$ 125,000	$ 14,341	$ 23,244	$ 38,244	$ 53,244	$ 53,244	$ 53,244	$ 59,100
$ 150,000	17,904	32,244	50,244	68,244	68,244	68,244	73,350
$ 175,000	21,466	41,244	62,244	83,244	83,244	83,244	87,600
$ 200,000	26,244	50,244	74,244	98,244	98,244	98,244	101,850
$ 225,000	32,244	59,244	86,244	113,244	113,244	113,244	116,100
$ 250,000	38,244	68,244	98,244	128,244	128,244	128,244	130,350
$ 300,000	50,244	86,244	122,244	158,244	158,244	158,244	158,850
$ 375,000	68,244	113,244	158,244	203,244	203,244	203,244	203,244
$ 400,000	74,244	122,244	170,244	218,244	218,244	218,244	218,244
$ 500,000	98,244	158,244	218,244	278,244	278,244	278,244	278,244
$ 750,000	158,244	248,244	338,244	428,244	428,244	428,244	428,244
$1,000,000	218,244	338,244	458,244	578,244	578,244	578,244	578,244
$1,375,000	308,244	473,244	638,244	803,244	803,244	803,244	803,244

The respective years of credited service for the individuals named in the Summary Compensation Table through December 31, 2004 are as follows: Sullivan 25.4 years; Kanak 12.5 years; Wintrob 4.5 years; Scott 10.33; Tizzio 36.67 years; Tse 43.5 years; Moor 19.75 years; Neuger 9.33 years; Smith 20.3 years. For purposes of the plans, Average Final Compensation is the average pensionable salary of a participant during the three consecutive years in the last ten years of his credited service affording the highest such average, or during all of the years of his credited service if less than three years. Pensionable salary includes the regular salary paid by AIG and its subsidiaries and does not include amounts attributable to supplementary bonuses or overtime pay. For such named individuals, pensionable salary during 2004 was as follows: Sullivan $675,962; Kanak $655,000; Wintrob $650,000; Scott $525,000; Tizzio $654,700; Tse $661,156; Moor $551,298; Neuger $621,154; Smith $631,154.

Mr. Martin has accrued an estimated annual benefit payable upon retirement at normal retirement age at 65 from all applicable AIG and AGC plans of $203,381.

Mr. Greenberg elected to commence his retirement plan benefits under the qualified plan on January 1, 1996 at the age of 70 1/2 and under the non-qualified plans on October 1, 2004. His total annual benefit from the retirement plans reflecting 45 years of employment is $1,637,532 payable in the form of a 100 percent joint and survivor annuity.

Executive Severance Plan

The Compensation Committee of the AIG Board of Directors has approved the terms of an executive severance plan, which provides severance payments and benefits to a select group of AIG s senior executives (other than Messrs. Sullivan, Kanak and Bensinger during the time their employment agreements are in effect). The executive severance plan is effective as of June 27, 2005 and will remain in effect until the third anniversary of such date. Executives who hold positions that are designated as senior partners or partners for purposes of eligibility to participate in any deferred compensation profit participation program of AIG, or similar or successor positions, and who are selected for participation by AIG s Chief Executive Officer are eligible to participate.

Under the executive severance plan, if a participant s employment is terminated for reasons other than the participant s death, disability, retirement, voluntary termination for any reason or termination by AIG for

Cause (as defined in executive severance plan), the participant shall receive severance equal to (i) the participant s annual base salary as of the date of termination plus the average of the aggregate annual and supplemental quarterly cash bonuses received by the participant during each of the three fiscal years

preceding the date of termination, *divided by* (ii) 12, and *multiplied by* (iii) each full year of the participant s service with AIG or its subsidiaries(but no less than six nor more than 24 years). Amounts of severance payable under the executive severance plan are reduced (but not below zero) by any amounts due to a participant under an individual employment agreement between the participant and AIG, any other AIG severance plan or policy or pursuant to any regulatory severance plan or arrangement in a country outside the United States.

Severance is paid in equal installments over a number of months equal to the six- to 24-month severance multiple described above, in accordance with AIG s normal payroll practices, but, in the discretion of the Compensation Committee, it may be paid in a lump sum following termination of employment. If required to avoid the application of Section 409A of the Code, however, severance payments will not commence until the first payroll period after six months following the date of termination, in which case the first payment will include amounts payable in respect of the preceding six months.

In addition, a participant who is entitled to severance is also entitled to continue to participate in AIG s life and health insurance benefit arrangements until the earlier of the expiration of the severance period and the date a participant is eligible to receive replacement coverage from a subsequent employer, after which time COBRA coverage shall apply. The participant will be required to pay the costs of the continued coverage during the severance period on the same basis as when the employee was actively employed.

Participants who are eligible for severance are also entitled to additional service and age credit in respect of the number of months in the severance period, under AIG s employee pension plans (except for under any tax-qualified plan), for purposes of benefit accrual, matching contributions, vesting and eligibility for retirement. No severance payments due under the executive severance plan are included in the calculation of a pension benefit, and no participant is entitled to receive any payments pursuant to any non-qualified AIG pension plan until the date the participant has ceased receiving severance under the executive severance plan.

To receive severance, a participant must sign a release of claims against AIG, and an agreement to be bound by non-competition and non-solicitation covenants until the earlier of the first anniversary of termination of employment or the end of the severance period and non-disparagement and confidentiality covenants indefinitely (the violation of which will result in the cessation of any remaining severance payments and benefits).

Relationships with Starr and SICO

A number of senior AIG executives, including the individuals named in the Summary Compensation Table, have historically held positions with, and received compensation from, Starr and SICO. Both companies own substantial amounts of AIG Common Stock and have had other relationships with AIG. For example, from time to time, Starr has offered members of AIG s senior management the opportunity to purchase shares of its common stock and, since 1975, SICO has provided benefits under the SICO Plans to certain senior AIG employees. Consistent with AIG s traditional presentation, the amount of AIG Common Stock beneficially owned by Starr and SICO and the amount of Starr and SICO voting stock beneficially owned by AIG s directors and executive officers is discussed under Ownership of Certain Securities, awards allocated under the SICO Plans are reflected in the Summary Compensation Table and other transactions between AIG, on the one hand, and Starr and SICO, on the other hand, are discussed under Certain Transactions.

AIG is currently in the process of unwinding and resolving various relationships with Starr and SICO. As a result, AIG s executive officers no longer serve as officers or directors of SICO and Starr or their subsidiaries.

Payments and Benefits Provided by Starr and SICO

AIG intends to provide new or enhanced compensation opportunities to AIG employees in order to reflect the compensation and benefits previously provided by Starr and SICO. AIG is providing the following information to give a historical perspective of the payments made by Starr and SICO to AIG executive officers, including the executives named in the Summary Compensation Table. This table does not include

the allocation of awards under the SICO Plans, because they are included in the Summary Compensation Table or

dividends paid by Starr, which are included in the table under Investments in Starr. The information in this table, and the following two tables pertaining to SICO and Starr reflect the best information available to AIG, but AIG does not currently have full access to the books and records of Starr and SICO.

Summary of Salary, Bonus and Directors Fees Paid by Starr and SICO*

Name	Year	Starr Salary	Bonus Amounts Paid by SICO and/or Starr	Directors Fees	
				Starr	SICO
Current					
Martin J. Sullivan	2004	$ 99,000	$ 100,000	$ 100,000	$ 50,000
	2003	91,385	75,000	100,000	50,000
	2002	66,000	50,000	100,000	50,000
Donald P. Kanak	2004	88,000	100,000	100,000	50,000
	2003	68,538		100,000	50,000
	2002	66,000	205,917	100,000	50,000
Jay S. Wintrob	2004	66,000	100,000	100,000	50,000
	2003	68,538	75,000	100,000	50,000
	2002	66,000	50,000	100,000	50,000
Richard W. Scott	2004	25,000			
	2003	25,962			
	2002				
Thomas R. Tizzio	2004	62,000	62,000	100,000	50,000
	2003	87,231	62,000	100,000	50,000
	2002	84,000	62,000	100,000	50,000
Edmund S.W. Tse	2004	154,000	150,000	100,000	50,000
	2003	154,000	150,000	50,000	50,000
	2002	154,000	100,000	50,000	50,000
Rodney O. Martin, Jr.	2004	32,000			
	2003	33,231			
	2002	28,431			
Kristian P. Moor	2004	77,000	125,000	100,000	50,000
	2003	79,962	100,000	100,000	50,000
	2002	66,000	50,000	100,000	50,000
Win J. Neuger	2004	281,000	75,000	100,000	50,000
	2003	283,538	50,000	100,000	50,000
	2002	281,000	40,000	100,000	50,000
Former					
M.R. Greenberg	2004	380,000	2,630,000	100,000	50,000
	2003	394,615	2,128,000	100,000	50,000
	2002	468,000	3,128,000	100,000	50,000
Howard I. Smith	2004	165,000	150,000	100,000	50,000
	2003	171,346	100,000	100,000	50,000
	2002	154,000	100,000	100,000	50,000
All Executive Officers of AIG as a Group	2004	1,339,250	1,119,000	1,300,000	650,000
	2003	1,337,183	784,000	1,250,000	650,000
	2002	1,258,681	1,059,917	1,250,000	650,000

* Payments made by Starr or SICO for services provided to AIG are also included in the Summary Compensation table herein.

Starr and SICO also provided perquisites or other personal benefits to AIG executives for their service to Starr and SICO. The preceding table does not include the incremental cost of these benefits because AIG does not currently have access to complete information.

Existing SICO Plans and Investments in Starr

SICO Plans. The following table summarizes information with respect to the number of shares of AIG Common Stock that would be received by the individuals named in the Summary Compensation Table upon retirement after age 65 pursuant to all existing SICO Plans.

Existing SICO Deferred Compensation Profit Participation Plans

Name	Number of Shares*
Current	
Martin J. Sullivan	192,033
Donald P. Kanak	121,439
Jay S. Wintrob	96,000
Richard W. Scott	21,600
Thomas R. Tizzio	873,317
Edmund S.W. Tse	535,543
Rodney O. Martin, Jr.	26,800
Kristian P. Moor	169,265
Win J. Neuger	231,481
Former	
M.R. Greenberg	3,680,759
Howard I. Smith	424,403

* As discussed in the notes to the Summary Compensation Table, until retirement after age 65 or early payout under certain circumstances, the named individuals have no dividend or voting rights with respect to these shares.

Investments in Starr. Starr from time to time offered members of AIG s senior management the opportunity to purchase shares of its common stock. Book value was used to determine the purchase price, and the shares have generally paid cash dividends as well as dividends in the form of non-voting preferred shares.

The Starr common and preferred shares are subject to agreements that limit their transferability and give Starr the right, and in some cases the obligation, to repurchase the shares after a holder ceases to be an employee of Starr and substantially all of Starr s affiliated or associated companies. The repurchase price is generally based on the adjusted book value of the common shares and the sum of the liquidation value and unpaid dividends of the preferred shares. However, Starr can repurchase the shares for a substantially lower price if a holder voluntarily departs (without the approval of Starr s board of directors) before the holder turns 60 or, for holders voluntarily departing between 60 and 65, if the holder competes with Starr, or Starr s affiliated or associated companies, before turning 65.

During 2004, Starr offered a total of 1,125 shares of its common stock to AIG employees. Mr. Sullivan purchased 125 shares, Mr. Kanak purchased 250 shares and Mr. Bensinger purchased 125 shares, respectively, at a purchase price of $300 per share. As of January 1, 2005, Messrs. Sullivan, Neuger and Smith purchased an additional 125 shares each at a purchase price of $300 per share.