

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No.)(1)**

American International Group, Inc.

(Name of Issuer)

Common Stock

(Title of Class Securities)

026874-107

(CUSIP Number)

**Howard I. Smith
Vice Chairman-Finance and Secretary
Telephone: (212) 230-5050**

**(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communication)**

October 13, 2008

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(1) This Schedule 13D constitutes Amendment No. 10 to the Schedule 13D on behalf of C. V. Starr & Co., Inc. Trust, dated March 20, 2007, Amendment No. 12 to the Schedule 13D on behalf of Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC, dated May 26, 2006, Amendment No. 14 to the Schedule 13D on behalf of Universal Foundation, Inc., dated February 21, 2006, Amendment No. 14 to the Schedule 13D on behalf of The Maurice R. and Corinne P. Greenberg Family Foundation, Inc., dated February 21, 2006, Amendment No. 16 to the Schedule 13D on behalf of Maurice R. Greenberg, dated November 23, 2005, Amendment No. 16 to the Schedule 13D on behalf of Edward E. Matthews, dated November 23, 2005, Amendment No. 18 to the Schedule 13D of Starr International Company, Inc., dated October 2, 1978, and Amendment No. 18 to the Schedule 13D for C. V. Starr & Co., Inc., dated October 2, 1978.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON	
	Maurice R. Greenberg	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)	(a)x (b)o
3	SEC USE ONLY	
4	SOURCE OF FUNDS (See Instructions) PF	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o	
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States of America	
		7 SOLE VOTING POWER 2,487,500
		8 SHARED VOTING POWER 65,650,169
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		9 SOLE DISPOSITIVE POWER 2,487,500
		10 SHARED DISPOSITIVE POWER 65,650,169
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 68,137,669	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)o	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 2.53%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN	

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Edward E. Matthews

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)x (b)o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

PF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

7 SOLE VOTING POWER

281,875

8 SHARED VOTING POWER

8,580,850

9 SOLE DISPOSITIVE POWER

281,875

10 SHARED DISPOSITIVE POWER

8,580,850

NUMBER OF SHARES
BENEFICIALLY OWNED BY EACH
REPORTING PERSON WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

8,862,725

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.33%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Starr International Company, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)x (b)o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Panama

7 SOLE VOTING POWER

207,914,691

8 SHARED VOTING POWER

0

NUMBER OF SHARES
BENEFICIALLY OWNED BY EACH
REPORTING PERSON WITH

9 SOLE DISPOSITIVE POWER

207,914,691

10 SHARED DISPOSITIVE POWER

2,112,119

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

210,026,810

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.81%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

C. V. Starr & Co., Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)x (b)o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

NUMBER OF SHARES BENEFICALLY OWNED BY EACH REPORTING PERSON WITH

26,429,714

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

26,429,714

11 AGGREGATE AMOUNT BENEFICALLY OWNED BY EACH REPORTING PERSON

26,429,714

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.98%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Universal Foundation, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)x (b)o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Panama

7 SOLE VOTING POWER

2,112,119

8 SHARED VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED BY EACH
REPORTING PERSON WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

2,112,119

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,112,119

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.08%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

The Maurice R. and Corinne P. Greenberg Family Foundation, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)x (b)o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED BY EACH
REPORTING PERSON WITH

989,308

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

989,308

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

989,308

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.04%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)x (b)o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Florida

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

NUMBER OF SHARES
BENEFICIALLY OWNED BY EACH
REPORTING PERSON WITH

25,269,689

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

25,269,689

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

25,269,689

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.94%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

C. V. Starr & Co., Inc. Trust

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a)x (b)o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

8,580,850

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

8,580,850

NUMBER OF SHARES
BENEFICIALLY OWNED BY EACH
REPORTING PERSON WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

8,580,850

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.32%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

Item 4. Purpose of Transaction

Item 4 is amended and supplemented to add the following information for updating as of the date hereof:

Mr. Greenberg, one of the Reporting Persons, has sent a letter to the Board of Directors of the Issuer regarding the terms of the funding provided to the Issuer by the Federal Government. The letter outlines a proposal for certain changes to such funding that would protect the interests of both the American taxpayer and the numerous AIG employees, stockholders and others that will be impacted by the consequences of the Federal funding in its current form. A copy of the letter is attached as Exhibit 2 to this Schedule 13D/A. As previously reported, in connection with the foregoing and other potential actions they may take, the Reporting Persons may engage in discussions or cooperate with management, the board of directors, other shareholders of the Issuer and/or relevant third parties. The foregoing actions could have the purpose or effect of directly or indirectly changing or influencing control of the Issuer or otherwise relate to or result in any of the actions set forth in response to paragraphs (a) – (j) of Item 4 of Schedule 13D.

As previously reported, the Reporting Persons reserve their right to change their plans and intentions in regards to any of the actions discussed in this Item 4 and any actions taken by the Reporting Persons may be effected at any time or from time to time, subject to any applicable limitations imposed on the actions by the Securities Act of 1933, as amended, state insurance regulatory laws or other applicable laws. There can be no assurance, however, that any Reporting Person will take any of the actions described above. Except as otherwise described in this Item 4 and Items 5 and 6, no Reporting Person has formulated any plans or proposals that relate to or would result in any of the events or transactions described in paragraphs (a) – (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer

Item 5 is amended and supplemented to add the following information for updating as of the date hereof:

The trading dates, number of shares of Common Stock purchased or sold and the average price per share for all transactions by the Reporting Persons in the Common Stock within the last 60 days, which were all through brokers' transactions, are set forth below:

Name of Reporting Person	Date	Number of Shares Purchased/(Sold)	Average Price per Share
Maurice R. Greenberg	09/30/08	(44,277)	\$3.3000

Starr International had also made distributions of 2,344 shares of Common Stock on October 7, 2008 pursuant to the Starr International Company, Inc. Deferred Compensation Profit Participation Plan.

As of the date of the filing of this statement, the Reporting Persons may be deemed to beneficially own in the aggregate 278,446,354 shares of Common Stock, representing approximately 10.36% of the Issuer's outstanding Common Stock (based on 2,688,833,724 shares of Common Stock reported by the Issuer as outstanding as of July 31, 2008, in the Issuer's Form 10-Q filed on August 6, 2008).

Mr. Greenberg has the sole power to vote and direct the disposition of 2,487,500 shares of Common Stock, which may be acquired pursuant to incentive stock options previously granted by the Issuer to Mr. Greenberg as an officer and director of the Issuer that are exercisable within 60 days of the date hereof. Mr. Greenberg has the shared power to vote and direct the disposition of 65,650,169 shares of Common Stock, 12,889,788 shares of which are held as tenant in common with Mr. Greenberg's wife, 71,670 shares of which are held in family trusts of which Mr. Greenberg is a trustee, 17,848,864 shares of which are held by CV Starr, 8,580,850 shares of which are held by the CV Starr Trust, for which CV Starr is a beneficiary and Mr. Greenberg is a trustee, 989,308 shares of which are held by the Greenberg Foundation, of which Mr. Greenberg, his wife and family members are directors, and 25,269,689 shares of which are held by the Greenberg Joint Tenancy Company, of which the Greenberg Joint Tenancy Corporation is the managing member. Mr. Greenberg owns 24.08% of the common stock of CV Starr directly. Based on Mr. Greenberg's voting power in CV Starr, his position as a trustee of the CV Starr Trust, his position as director and Chairman of the Board of the Greenberg Foundation, his position as director and Chairman of the Board of the Greenberg Joint Tenancy Corporation, the managing member of the Greenberg Joint Tenancy Company, and the other facts and circumstances described in Items 2, 4, 5 and 6 of this Schedule 13D, Mr. Greenberg may be deemed to beneficially own the shares of Common Stock held by CV Starr, the CV Starr Trust, the Greenberg Foundation and the Greenberg Joint Tenancy Company. Mr. Greenberg disclaims beneficial ownership of the shares of Common Stock held by CV Starr, the CV Starr Trust, the Greenberg Foundation, and the family trusts described above.

Starr International has the sole power to vote and direct the disposition of 207,914,691 shares of Common Stock, of which 15,700,000 shares are held by Starr International Investments, Ltd., a wholly owned subsidiary of Starr International, and 192,214,691 shares are held directly by Starr International, and the shared power to direct the disposition of 2,112,119 shares of Common Stock held by Universal Foundation.

Item 7 Material to Be Filed as Exhibits

Exhibit 1 Joint Filing Agreement, dated October 13, 2008, by and among Mr. Greenberg, Mr. Matthews, Starr International, CV Starr, Universal Foundation, Greenberg Foundation, Greenberg Joint Tenancy Company, and CV Starr Trust.

Exhibit 2 Letter, dated October 13, 2008, from Mr. Greenberg to Mr. Edward Liddy, Chairman & Chief Executive Officer of the Company.



SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete, and correct.

Dated: October 13, 2008

MAURICE R. GREENBERG

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

EDWARD E. MATTHEWS

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

STARR INTERNATIONAL COMPANY, INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

C. V. STARR & CO., INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

UNIVERSAL FOUNDATION, INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

THE MAURICE R. AND CORINNE P. GREENBERG FAMILY
FOUNDATION, INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

MAURICE R. AND CORINNE P. GREENBERG JOINT TENANCY
COMPANY, LLC

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

C. V. STARR & CO., INC. TRUST

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, each of the undersigned hereby agrees to the joint filing on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the Common Stock of American International Group, Inc., and that this Agreement be included as an Exhibit to such joint filing.

Each of the undersigned acknowledges that each shall be responsible for the timely filing of any statement (including amendments) on Schedule 13D, and for the completeness and accuracy of the information concerning him or it contained herein, but shall not be responsible for the completeness and accuracy of the information concerning the other persons making such filings, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Dated: October 13, 2008

MAURICE R. GREENBERG

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

EDWARD E. MATTHEWS

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

STARR INTERNATIONAL COMPANY, INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

C. V. STARR & CO., INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

UNIVERSAL FOUNDATION, INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

THE MAURICE R. AND CORINNE P. GREENBERG FAMILY FOUNDATION, INC.

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

MAURICE R. AND CORINNE P. GREENBERG JOINT TENANCY
COMPANY, LLC

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

C. V. STARR & CO., INC. TRUST

By: /s/Bertil P-H Lundqvist
Name: Bertil P-H Lundqvist
Title: Attorney-In-Fact

By: /s/Mike F. Huang
Name: Mike F. Huang
Title: Attorney-In-Fact

October 13, 2008

Mr. Edward Liddy
Chairman & Chief Executive Officer
American International Group, Inc.
70 Pine Street
New York, New York 10270

Dear Ed,

I am attaching our plan to save AIG.

As you know, AIG is in crisis. The loan from the Federal government to AIG, as it is currently structured, will result in the liquidation of AIG, the loss of thousands of jobs, and the irretrievable loss of billions of dollars in shareholder value.

The loan is for a two-year term and carries approximately a 14% annual interest rate, including a 8.5% annual rate whether AIG takes down the loan or not, plus a 2% one-time commitment fee. To the extent AIG actually draws on the loan facility, it pays additional interest at the annual rate of LIBOR. Consequently, the loan carries an actual interest rate in excess of 14% and on top of that, the government receives 79.9% of the ownership of AIG. Bottom-line, this means that AIG cannot pay off this loan from the proceeds of selling assets in this market, nor can it pay the annual interest rate from earnings. As a result, thousands of jobs will be lost, pensioners will lose their savings, and millions of shareholders will be disenfranchised. It is a lose/lose plan.

On the other hand, if the loan were changed to non-voting preferred stock, with an approximately 5-6% dividend and a 10-year right of redemption for AIG at a 10% premium, this could be turned into a win/win situation.

Please see the attached plan for further details.

Sincerely,

/s/ Maurice R. Greenberg

Last month, AIG's Board of Directors entered into an agreement with the Federal Reserve Bank of New York to obtain a two-year, \$85 billion credit facility (the "Credit Facility"). The Credit Facility requires AIG to pay a 2 percent one-time commitment fee and interest of 8.5 percent per annum on undrawn capital (the rate on drawn capital is LIBOR plus 8.5 percent). The deal also includes the issuance of super-voting preferred stock that is intended to deliver ownership of 79.9 percent of AIG to the United States Treasury.

The transaction is a "lose/lose" for all concerned.

- By requiring AIG to pay interest on money it does not borrow, the agreement encourages the company to draw down the full amount of the loan even if it does not need the capital. In order to service the principal and interest on this loan, AIG will have no choice but to engage in a fire-sale of profitable assets. The likelihood of being able to do so at reasonable prices in today's market decreases with each passing day.
- Forcing AIG into liquidation will damage irreparably its tens of thousands of workers, pension funds that are significant AIG stockholders and retirees and millions of other ordinary Americans who are AIG stockholders, among others. Thousands of jobs will be lost and employees' savings wiped out.

At a minimum, AIG should be afforded the same borrowing terms as other companies.

Since the time the Credit Facility was entered into, the Federal Reserve has stepped up direct lending to scores of financial institutions and, for the first time last week, to non-financial institutions. They are able to borrow on terms far less onerous than those imposed on AIG (the discount window primary credit rate for October 9th was 1.75 percent).

AIG has more than \$1 trillion in assets, including key AIG assets that already act as security for the \$85 billion loan facility. That security provides sufficient protection to American taxpayers. It is not necessary to wipe out virtually all of the shareholder value held by AIG's millions of shareholders, including scores of ordinary Americans.

Who is the winner in this scenario? It is hard to find one, except perhaps for certain of AIG's transactional counterparties, who faced exposure in the tens of billions of dollars if AIG had filed for bankruptcy protection.

Although time is of the essence, it is not too late to change the terms of the AIG deal and protect the interests of both the American taxpayer and the numerous AIG employees, stockholders and others that will be impacted by AIG's liquidation.

The terms of the Credit Facility and preferred stock issuance could be amended into a "win/win" as follows:

- The government would acquire non-voting preferred stock in AIG that pays a 5 or 6 percent annual dividend. This would be a respectable spread over the cost of money to the Federal Reserve.
- AIG would have the right to redeem the preferred over a period of 10 years at a 10 percent premium.
- Such a plan would have an immediate impact on the market and would save AIG from being liquidated. The United States would retain a great company, jobs would not be lost, share value would increase, and sales of assets could be undertaken in a more orderly fashion than what is currently contemplated.
- If need be, AIG would raise third-party funds, and could ultimately have a Rights offering at a time when markets are more stable and the sale of assets, as indicated, could take place in an orderly manner.

The role of government should not be to force a company out of business, but rather to help it to stay in business, especially a company that has been the pride of its industry.

Such a plan should get a positive response from the rating agencies which could lead to the possible reduction in collateral calls, which is one of the issues burdening AIG. Moreover, AIG would be eligible to sell some of its toxic securities to the new \$700 billion fund, and finally, there might be some modification in mark-to-market accounting rules that could provide some relief during these turbulent times until the markets stabilize. If the foregoing occurs, AIG could in all likelihood redeem the preferred in less than 10 years.

The above steps would provide a very positive signal to the market and would be a step forward toward restoring confidence and stabilizing the broader financial system.