

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 25049

## SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934  
(AMENDMENT NO. 3)\*

ALEXANDER & ALEXANDER SERVICES INC.  
(Name of Issuer)

Common Stock, par value \$1.00 per share  
(Title of Class of Securities)

014476105  
(CUSIP Number)

Florence A. Davis -  
Vice President and General Counsel  
American International Group, Inc.  
70 Pine Street  
New York, New York 10270  
(212) 770-5457  
(Name, Address and Telephone Number of Person Authorized to  
Receive Notices and Communications)

December 11, 1996  
(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 which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box. [ ]

NOTE: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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).

## SCHEDULE 13D

CUSIP NO. 014476105

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1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
  
American International Group, Inc.  
IRS No. 13-2592361
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]
3. SEC USE ONLY
4. SOURCE OF FUNDS\*  
  
WC
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS  
IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]
6. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Incorporated in the State of Delaware
7. SOLE VOTING POWER  
  
None
8. SHARED VOTING POWER  
  
4,960,719
9. SOLE DISPOSITIVE POWER  
  
None
10. SHARED DISPOSITIVE POWER  
  
4,960,719
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
4,960,719
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)  
EXCLUDES CERTAIN SHARES\* [ ]
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) (represents 9.9% of the  
outstanding voting stock of Alexander & Alexander Services Inc.)  
  
10.34%
14. TYPE OF REPORTING PERSON\*  
  
HC, CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION

CUSIP NO. 014476105

PAGE 3 OF 44 PAGES

1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
  
American Home Assurance Company  
IRS No. 13-5124990
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]
3. SEC USE ONLY
4. SOURCE OF FUNDS\*  
  
WC
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS  
IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]
6. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Incorporated in the State of New York
7. SOLE VOTING POWER
8. SHARED VOTING POWER  
  
3,472,503
9. SOLE DISPOSITIVE POWER
10. SHARED DISPOSITIVE POWER  
  
3,472,503
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
3,472,503
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)  
EXCLUDES CERTAIN SHARES\* [ ]
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
  
7.24%
14. TYPE OF REPORTING PERSON\*  
  
IC, CO

\* SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION

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

Commerce & Industry Insurance Company  
IRS No. 31-1938623

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]

3. SEC USE ONLY

4. SOURCE OF FUNDS\*

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Incorporated in the State of New York

7. SOLE VOTING POWER

8. SHARED VOTING POWER

744,107

9. SOLE DISPOSITIVE POWER

10. SHARED DISPOSITIVE POWER

744,107

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON [ ]

744,107

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\* [ ]

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

1.55%

14. TYPE OF REPORTING PERSON\*

IC, CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT!  
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION

CUSIP NO. 014476105

PAGE 5 OF 44 PAGES

1. NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
  
The Insurance Company of the State of Pennsylvania  
IRS No. 31-5540698
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [ ]
3. SEC USE ONLY
4. SOURCE OF FUNDS\*  
  
WC
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS  
IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]
6. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Incorporated in the State of Pennsylvania
7. SOLE VOTING POWER
8. SHARED VOTING POWER  
  
744,107
9. SOLE DISPOSITIVE POWER
10. SHARED DISPOSITIVE POWER  
  
744,107
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON [ ]  
  
744,107
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)  
EXCLUDES CERTAIN SHARES\* [ ]
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
  
1.55%
14. TYPE OF REPORTING PERSON\*  
  
IC, CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT!  
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION

## Item 1. Security and Issuer

This Amendment No. 3 to Schedule 13D relates to the common stock, \$1.00 par value per share (the "Common Stock"), of Alexander & Alexander Services Inc., a Maryland corporation (the "Company"). Capitalized terms used herein without definition shall have the meanings given to such terms in the Schedule 13D relating to the Common Stock filed by the Reporting Persons with the Securities and Exchange Commission on July 15, 1994 (the "Schedule 13D").

## Item 2. Identity and Background

Item 2 is amended by deleting the first sentence of the second paragraph and replacing it with the following:

"Starr International Company, Inc., a private holding company incorporated in Panama ("SICO"), The Starr Foundation ("The Starr Foundation"), a New York not-for-profit corporation, and C.V. Starr & Co., Inc., a Delaware corporation ("Starr"), have the right to vote approximately 16.14%, 3.46% and 2.39%, respectively, of the outstanding common stock of AIG."

## Item 5. Interests in Securities of the Issuer

Item 5 is amended by adding the following:

"The information required by this Item is set forth in Items 7 through 11 and 13 of the cover pages of this Amendment No. 3 to Schedule 13D and is based on the number of shares of Common Stock outstanding as of November 1, 1996 as contained in the Company's quarterly report on Form 10-Q relating to the quarterly period ended September 30, 1996.

The number of shares beneficially owned by AIG and the Purchasers, as described in Items 7 through 11 and 13 of the cover pages of this Amendment No. 3 to Schedule 13D, reflects (i) the Purchasers' purchase of the Preferred Shares pursuant to the Stock Purchase and Sale Agreement, (ii) the beneficial ownership of the Portfolio Shares by AHAC and (iii) the receipt by the Purchasers of dividends on the Preferred Shares owned by them which were paid in the form of additional Preferred Shares, as reported in Amendment No. 1 to Schedule 13D dated February 15, 1995 and Amendment No. 2 to Schedule 13D dated February 15, 1996 and in the amounts and on the dates set forth below:

Purchaser	Preferred Shares Received	Date
-----	-----	-----
AHAC	62,681	03/15/96
AHAC	63,934	06/15/96
AHAC	65,213	09/15/96
AHAC	66,517	12/15/96
CIIC	13,432	03/15/96
CIIC	13,700	06/15/96
CIIC	13,974	09/15/96
CIIC	14,254	12/15/96
ICP	13,432	03/15/96
ICP	13,700	06/15/96
ICP	13,974	09/15/96
ICP	14,254	12/15/96"

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 is amended by adding the following:

"Pursuant to a Stock Purchase and Sale Agreement dated December 11, 1996 (the "Aon Purchase Agreement") between AIG and Aon Corporation, a Delaware corporation ("Aon"), AIG, for and on behalf of itself, AHAC, CIIC and ICP, agreed to sell all of the Preferred Shares to Aon for a purchase price of \$317,500,000 in cash plus a cash amount equal to all accrued and unpaid dividends on the Preferred Shares. The closing (the "Aon Closing") of such purchase and sale is scheduled to take place on the date which is two business days after Aon or any affiliate of Aon first acquires on or after December 11, 1996 in any manner any equity interest in the Company, or any right or security convertible or exercisable into any such interest, or any right to acquire any thereof, by purchase or tender offer or otherwise (an "Aon Equity Acquisition").

Under the Aon Purchase Agreement, all the rights and preferences of the Preferred Shares remain in full force and effect until the Closing; provided, however, that AIG agreed to suspend voluntarily its rights under Section (9d). of the Articles Supplementary and its right to require the Company to repurchase any of the Preferred Shares pursuant to Section 7 of the Articles Supplementary related thereto, in each case until the earlier of the Closing or termination of the Aon Purchase Agreement. Further, AIG agreed not to transfer, assign, sell, pledge or otherwise dispose of any of the Preferred Shares to any third party, other than as

contemplated in the Aon Purchase Agreement, until the earlier of the Closing or the termination of the Aon Purchase Agreement.

The Aon Purchase Agreement (A) terminates without any action by the parties thereto on the earliest of (i) if the Closing shall not have occurred, April 15, 1997, (ii) if the Closing has not occurred, four business days after an Aon Equity Acquisition and (iii) the effective date of termination of the Merger Agreement dated December 11, 1996 between Aon, the Company and the other parties thereto, as amended from time to time, and (B) may be terminated at any time prior to the Closing by a written instrument executed and delivered by the parties thereto."

Item 7. Material To Be filed as Exhibits

Item 7 is amended as follows:

(a) the previously filed Exhibit A is replaced with the following updated exhibit:

- A. Executive Officers and Directors of AIG, the Purchasers, SICO, The Starr Foundation and Starr.

(b) a new Exhibit I is added as follows:

- I. Stock Purchase and Sale Agreement, dated as of December 11, 1996 between AIG and Aon.



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: December 24, 1996

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Edward E. Matthews

-----  
Name: Edward E. Matthews  
Title: Vice Chairman

AMERICAN HOME ASSURANCE COMPANY

By: /s/ Edward E. Matthews

-----  
Name: Edward E. Matthews  
Title: Senior Vice President

COMMERCE AND INDUSTRY INSURANCE  
COMPANY

By: /s/ Edward E. Matthews

-----  
Name: Edward E. Matthews  
Title: Senior Vice President

THE INSURANCE COMPANY OF THE STATE  
OF PENNSYLVANIA

By: /s/ David J. Walsh

-----  
Name: David J. Walsh  
Title: Senior Vice President,  
General Counsel

## Exhibit Index

Exhibit No. -----	Description -----	Page No. -----
Exhibit A	Executive Officers and Directors	
Exhibit I	Stock Purchase and Sale Agreement dated as of December 11, 1996 between AIG and Aon	

## AMERICAN INTERNATIONAL GROUP, INC.

## DIRECTORS

M. Bernard Aidinoff	Sullivan & Cromwell 125 Broad Street New York, New York 10004
Lloyd M. Bentsen	2600 Texas Commerce Tower 600 Travis Street, Suite 2600 Houston, Texas 77002
Marshall A. Cohen	The Molson Companies Limited 40 King Street West Toronto, Ontario M5H 3Z5
Barber B. Conable, Jr.	P.O. Box 218 Alexander, New York 14005
Martin Feldstein	National Bureau of Economic Research, Inc. 1050 Massachusetts Avenue Cambridge, Massachusetts 02138
Leslie L. Gonda	International Lease Finance Corporation 1999 Avenue of the Stars Los Angeles, California 90017
Evan G. Greenberg	American International Group, Inc. 70 Pine Street New York, New York 10270
M.R. Greenberg	American International Group, Inc. 70 Pine Street New York, New York 10270
Carla A. Hills	Hills & Company 1200 19th Street, N.W. - 5th Flr. Washington, DC 20036

## AMERICAN INTERNATIONAL GROUP, INC.

## DIRECTORS (CONTINUED)

Frank Hoenemeyer	7 Harwood Drive Madison, New Jersey 07940
Edward E. Matthews	American International Group, Inc. 70 Pine Street New York, New York 10270
Dean P. Phypers	220 Rosebrook Road New Canaan, Connecticut 06840
John J. Roberts	American International Group, Inc. 70 Pine Street New York, New York 10270
Thomas R. Tizzio	American International Group, Inc. 70 Pine Street New York, New York 10270
Edmund S. W. Tse	American International Assurance Company, Ltd. 1 Stubbs Road Hong Kong
Honorary Directors	
Marion E. Fajen	5608 N. Waterbury Road Des Moines, Iowa 50312
Houghton Freeman	Freeman Foundation 1880 Mountain Road, #14 Stowe, VT 05672
John I. Howell	Indian Rock Corporation P.O. Box 2606 Greenwich, Connecticut 06836

## AMERICAN INTERNATIONAL GROUP, INC.

## DIRECTORS (CONTINUED)

The Honorable Douglas  
MacArthur, II

2101 Connecticut Ave., N.W.  
Apartment #4  
Washington, DC 20008

Edwin A.G. Manton

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

Ernest E. Stempel

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

K.K. Tse

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

## AMERICAN INTERNATIONAL GROUP, INC.

## EXECUTIVE OFFICERS

M.R. Greenberg Chairman and Chief Executive Officer	70 Pine Street New York, New York 10270
Thomas R. Tizzio President	70 Pine Street New York, New York 10270
Edwin A.G. Manton Senior Advisor	70 Pine Street New York, New York 10270
Ernest E. Stempel Senior Advisor	70 Pine Street New York, New York 10270
Edward E. Matthews Vice Chairman - Investments and Financial Services	70 Pine Street New York, New York 10270
John J. Roberts Vice Chairman - External Affairs	70 Pine Street New York, New York 10270
Evan G. Greenberg Executive Vice President	70 Pine Street New York, New York 10270
Robert Sandler Executive Vice President and Senior Actuary and Senior Claims Officer	70 Pine Street New York, New York 10270
Howard Smith Executive Vice President, Chief Financial Officer and Comptroller	70 Pine Street New York, New York 10270
Ronald J. Anderson Senior Vice President	1-1-3 Marunouchi, Chiyoda-ku Tokyo 100, JAPAN

## AMERICAN INTERNATIONAL GROUP, INC.

## EXECUTIVE OFFICERS (CONTINUED)

Edmund S.W. Tse Executive Vice President - Life Insurance	1 Stubbs Road Hong Kong
Lawrence W. English Senior Vice President - Administration	70 Pine Street New York, New York 10270
Axel Freudmann Senior Vice President - Human Resources	72 Wall Street New York, New York 10038
John G. Hughes Senior Vice President - Worldwide Claims	70 Pine Street New York, New York 10270
Kevin H. Kelley Senior Vice President - Domestic General	200 State Street Boston, MA 02109
Win J. Neuger Senior Vice President - Investments	70 Pine Street New York, New York 10270
R. Kendall Nottingham Senior Vice President - Life Insurance	1 ALICO Plaza, P.O. Box 667 Wilmington, DE 19899
Robert J. O'Connell Senior Vice President	80 Pine Street New York, New York 10038
Petros K. Sabatacakis Senior Vice President - Financial Services	70 Pine Street New York, New York 10270
B. Michael Schlenke Senior Vice President	70 Pine Street New York, New York 10270

## AMERICAN INTERNATIONAL GROUP, INC.

## EXECUTIVE OFFICERS (CONTINUED)

Martin J. Sullivan Senior Vice President	70 Pine Street New York, New York 10270
Steven Y.N. Tse Senior Vice President	70 Pine Street New York, New York 10270
Hamilton C. Da Silva Vice President	70 Pine Street New York, New York 10270
Florence A. Davis Vice President and General Counsel	70 Pine Street New York, New York 10270
William A. Freda Vice President	70 Pine Street New York, New York 10270
David M. Hupp Vice President	70 Pine Street New York, New York 10270
L. Oakley Johnson Vice President - Corporate Affairs	70 Pine Street New York, New York 10270
Thomas G. Kaiser Vice President	70 Pine Street New York, New York 10270
Jeffrey M. Kestenbaum Vice President	80 Pine Street New York, New York 10038
Robert E. Lewis Vice President	70 Pine Street New York, New York 10270
Christian Milton Vice President - Reinsurance	99 John Street New York, New York 10038
Nicholas A. O'Kulich Vice President - Life Insurance	70 Pine Street New York, New York 10270



## AMERICAN INTERNATIONAL GROUP, INC.

## EXECUTIVE OFFICERS (CONTINUED)

Douglas Paul Vice President - Strategic Planning	70 Pine Street New York, New York 10270
Frank Petralito II Vice President and Director Of Taxes	70 Pine Street New York, New York 10270
Theodore Rupley Vice President	70 Pine Street New York, New York 10270
Kathleen E. Shannon Vice President, Secretary and Associate General Counsel	70 Pine Street New York, New York 10270
Joseph C. Smetana, Jr. Vice President	70 Pine Street New York, New York 10270
Joseph Umansky Vice President and Deputy Comptroller	70 Pine Street New York, New York 10270
John T. Wooster, Jr. Vice President - Communications	72 Wall Street New York, New York 10270
William N. Dooley Treasurer	70 Pine Street New York, New York 10270

## AMERICAN HOME ASSURANCE COMPANY

## DIRECTORS

Michael J. Castelli	American Home Assurance Company 99 John Street New York, New York 10038
Charles Dangelo	70 Pine Street New York, New York 10270
Florence A. Davis	70 Pine Street New York, New York 10270
Evan G. Greenberg	70 Pine Street New York, New York 10270
M.R. Greenberg	American International Group, Inc. 70 Pine Street New York, New York 10270
John G. Hughes	American Home Assurance Company 70 Pine Street New York, New York 10270
David M. Hupp	American International Companies 70 Pine Street New York, New York 10270
Edwin A.G. Manton	American International Group, Inc. 70 Pine Street New York, New York 10270
Edward E. Matthews	American International Group, Inc. 70 Pine Street New York, New York 10270

## AMERICAN HOME ASSURANCE COMPANY

## DIRECTORS (CONTINUED)

Christian Milton	American International Group, Inc. 99 John Street New York, New York 10038
Kristian P. Moor	70 Pine Street New York, New York 10270
Win J. Neuger	70 Pine Street New York, New York 10270
Takaki Sakai	A.I.U. K.K. P.O. Box 951 Tokyo, Japan
Robert Sandler	American International Group, Inc. 70 Pine Street New York, New York 10270
Michael B. Schlenke	American Home Assurance Company 70 Pine Street New York, New York 10270
Howard I. Smith	American International Group, Inc. 70 Pine Street New York, New York 10270
Thomas R. Tizzio	American International Group, Inc. 70 Pine Street New York, New York 10270

## AMERICAN HOME ASSURANCE COMPANY

## EXECUTIVE OFFICERS

Thomas R Tizzio Chairman of the Board	70 Pine Street New York, New York 10270
Michael B. Schlenke President and Chief Executive Officer	70 Pine Street New York, New York 10270
Frank Douglas Senior Vice President and Actuary	70 Pine Street New York, New York 10270
John G. Hughes Senior Vice President	70 Pine Street New York, New York 10270
Vincent J. Masucci	777 S. Figueroa Street 18th Floor Los Angeles, CA 90017
Edward E. Matthews Senior Vice President	70 Pine Street New York, New York 10270
Timothy P. Mitchell Executive Vice President	70 Pine Street New York, New York 10270
David M. Hupp Senior Vice President	70 Pine Street New York, New York 10270 /9
Charles Schader Senior Vice President	70 Pine Street New York, New York 10270
William R. Jacobi Senior Vice President	70 Pine Street New York, New York 10270

## AMERICAN HOME ASSURANCE COMPANY

## EXECUTIVE OFFICERS (CONTINUED)

David J. Walsh Senior Vice President, General Counsel	70 Pine Street New York, New York 10270
Robert Beier Vice President	99 John Street New York, New York 10038
John J. Blumenstock Vice President	99 John Street New York, New York 10038
Michael J. Castelli Senior Vice President	99 John Street New York, New York 10038
Lawrence W. Carlstrom Vice President	520 Pike Street Suite 2700 Seattle, WA 98101
John Colona Vice President	505 Carr Road Willmington, DE 19809
Robert K. Conry Vice President	70 Pine Street New York, New York 10270
Brian S. Frisch Vice President	99 John Street New York, New York 10038
Kumar Gursahaney Vice President	99 John Street New York, New York 10038
Harold Jacobowitz Vice President	70 Pine Street New York, New York 10270
Dee Klock Vice President	99 John Street New York, New York 10038
Gary McMillan Vice President and Chief Agent in Canada	145 Wellington Street West Toronto, Ontario, Canada M5J 1H8

## AMERICAN HOME ASSURANCE COMPANY

## EXECUTIVE OFFICERS (CONTINUED)

Robert Meyer Vice President and Assistant Treasurer	200 Liberty Street New York, New York 10281
---	--

Christian Milton Vice President - Reinsurance	99 John Street New York, New York 10038
--	--

Kristian Moor Executive Vice President	70 Pine Street New York, New York 10270
---	--

David Pinkerton Vice President - Private Investments	200 Liberty Street New York, New York 10281
--	--

John Schumacher Senior Vice President	70 Pine Street New York, New York 10270
--	--

THE STARR FOUNDATION  
EXECUTIVE OFFICERS & DIRECTORS

M.R. Greenberg Director and Chairman	70 Pine Street New York, New York 10270
T.C. Hsu Director and President	70 Pine Street New York, New York 10270
Marion Breen Director and Vice President	70 Pine Street New York, New York 10270
John J. Roberts Director	70 Pine Street New York, New York 10270
Ernest E. Stempel Director	70 Pine Street New York, New York 10270
Houghton Freeman Director	70 Pine Street New York, New York 10270
Edwin A.G. Manton Director	70 Pine Street New York, New York 10270
Gladys Thomas Vice President	70 Pine Street New York, New York 10270
Frank Teng Treasurer	70 Pine Street New York, New York 10270
Ida Galler Secretary	70 Pine Street New York, New York 10270

## C.V. STARR &amp; CO., INC.

## EXECUTIVE OFFICERS &amp; DIRECTORS

Houghton Freeman Director and Senior Vice President	70 Pine Street New York, New York 10270
Evan G. Greenberg Director and Vice President	70 Pine Street New York, New York 10270
Maurice R. Greenberg Director, President and Chief Executive Officer	70 Pine Street New York, New York 10270
Edwin A.G. Manton Director	70 Pine Street New York, New York 10270
Edward E. Matthews Director, Senior Vice President and Secretary	70 Pine Street New York, New York 10270
John J. Roberts Director and Senior Vice President	70 Pine Street New York, New York 10270
Robert M. Sandler Director and Vice President	70 Pine Street New York, New York 10270
Howard I. Smith Director and Vice President	70 Pine Street New York, New York 10270
Ernest E. Stempel Director and Senior Vice President	70 Pine Street New York, New York 10270
Thomas R. Tizzio Director and Vice President	70 Pine Street New York, New York 10270



## C.V. STARR &amp; CO., INC.

## EXECUTIVE OFFICERS &amp; DIRECTORS (CONTINUED)

Edmund Tse  
Director and Vice President

No. 1 Stubbs Road  
Hong Kong

Stephen Y.N. Tse  
Director and Vice President

70 Pine Street  
New York, New York 10270

Gary Nitzsche  
Treasurer and Comptroller

70 Pine Street  
New York, New York 10270

## STARR INTERNATIONAL COMPANY, INC.

## EXECUTIVE OFFICERS &amp; DIRECTORS

Houghton Freeman Director	70 Pine Street New York, New York 10270
Evan G. Greenberg Director	70 Pine Street New York, New York 10270
Maurice R. Greenberg Director and Chairman of the Board	70 Pine Street New York, New York 10270
Joseph C.H. Johnson Executive Vice President and Treasurer	P.O. Box 152 Hamilton, Bermuda
Edwin A.G. Manton Director	70 Pine Street New York, New York 10270
Edward E. Matthews Director	70 Pine Street New York, New York 10270
L. Michael Murphy Director and Secretary	P.O. Box 152 Hamilton, Bermuda
John J. Roberts Director	70 Pine Street New York, New York 10270
Robert M. Sandler Director	70 Pine Street New York, New York 10270
Ernest E. Stempel Director and President	70 Pine Street New York, New York 10270
Thomas R. Tizzio Director	70 Pine Street New York, New York 10270
Edmund S.W. Tse Director	No. 1 Stubbs Road Hong Kong

## COMMERCE AND INDUSTRY INSURANCE COMPANY

## DIRECTORS

Michael J. Castelli	American Home Assurance Company 99 John Street New York, New York 10038
Florence A. Davis	Commerce & Industry Insurance Company 70 Pine Street New York, New York 10270
M.R. Greenberg	American International Group, Inc. 70 Pine Street New York, New York 10270
John G. Hughes	American Home Assurance Company 70 Pine Street New York, New York 10270
David Hupp	American Home Assurance Company 70 Pine Street New York, New York 10270
Kevin H. Kelley	Lexington Insurance Company 200 State Street Boston, Massachusetts 02109
Edwin A.G. Manton	American International Group, Inc. 70 Pine Street New York, New York 10270
Edward E. Matthews	American International Group, Inc. 70 Pine Street New York, New York 10270

## COMMERCE AND INDUSTRY INSURANCE COMPANY

## DIRECTORS (CONTINUED)

Win J. Neuger	Commerce & Industry Insurance Company 70 Pine Street New York, New York 10270
Howard I. Smith	American International Group, Inc. 70 Pine Street New York, New York 10270
Thomas R. Tizzio	American International Group, Inc. 70 Pine Street New York, New York 10270

## COMMERCE AND INDUSTRY INSURANCE COMPANY

## EXECUTIVE OFFICERS

Kevin H. Kelley Chairman of the Board Chief Executive Officer	200 State Street Boston, MA 20109
Joseph L. Boren Executive Vice President	70 Pine Street New York, New York 10270
Frank Douglas Senior Vice President and Actuary	70 Pine Street New York, New York 10270
Edward E. Matthews Senior Vice President	70 Pine Street New York, New York 10270
David J. Walsh Senior Vice President, General Counsel	70 Pine Street New York, New York 10270
Vincent J. Masucci Senior Vice President	777 S. Figueroa Street 18th Floor Los Angeles, CA 90017
Robert Beier Vice President	99 John Street New York, New York 10038
John J. Blumenstock Vice President	99 John Street New York, New York 10038
Michael J. Castelli Senior Vice President, Treasurer and Comptroller	99 John Street New York, New York 10038
David Hupp Senior Vice President	70 Pine Street New York, New York 10270
Brian S. Firsch Vice President	99 John Street New York, New York 10038

## COMMERCE AND INDUSTRY INSURANCE COMPANY

## EXECUTIVE OFFICERS (CONTINUED)

Kumar Gursahaney Vice President	99 John Street New York, New York 10038
Shaun E. Kelly Vice President	70 Pine Street New York, New York 10270
Dee Klock Vice President	99 John Street New York, New York 10038
Robert Meyer Vice President and Assistant Treasurer	200 Liberty Street New York, New York 10281
Christian Milton Vice President	99 John Street New York, New York 10038
Clifford E. Moore Vice President - Administration	70 Pine Street New York, New York 10270
David Pinkerton Vice President - Private Investments	200 Liberty Street New York, New York 10281

## THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

## DIRECTORS

Michael J. Castelli	American Home Assurance Company 99 John Street New York, New York 10038
M.R. Greenberg	American International Group, Inc. 70 Pine Street New York, New York 10270
John G. Hughes	American Home Assurance Company 70 Pine Street New York, New York 10270
David Hupp	American Home Assurance Company 70 Pine Street New York, New York 10270
Edwin A.G. Manton	American International Group, Inc. 70 Pine Street New York, New York 10270
Edward E. Matthews	American International Group, Inc. 70 Pine Street New York, New York 10270
Win J. Neuger	The Insurance Company of the State of Pennsylvania 70 Pine Street New York, New York 10270
Howard I. Smith	American International Group, Inc. 70 Pine Street New York, New York 10270

## THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

## DIRECTORS (CONTINUED)

Theodore Rupley	American International Group, Inc. 70 Pine Street New York, New York 10270
Thomas R. Tizzio	American International Group, Inc. 70 Pine Street New York, New York 10270



## THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

## EXECUTIVE OFFICERS

Thomas R. Tizzio Chairman of the Board	70 Pine Street New York, New York 10270
Theodore Rupley President	70 Pine Street New York, New York 10270
Frank Douglas Actuary	70 Pine Street New York, New York 10270
David J. Walsh Senior Vice President, General Counsel	70 Pine Street New York, New York 10270
Michael J. Castelli Senior Vice President, Treasurer and Comptroller	99 John Street New York, New York 10038
Robert Meyer Vice President and Assistant Treasurer	200 Liberty Plaza New York, New York 10281
Christian Milton Vice President	99 John Street New York, New York 10038
David Pinkerton Vice President - Private Investments, Assistant Treasurer	200 Liberty Plaza New York, New York 10281
David M. Hupp Senior Vice President	70 Pine Street New York, New York 10270
Vincent J. Masucci Senior Vice President	777 S. Figueroa Street 18th Floor Los Angeles, CA 90017

## THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

## EXECUTIVE OFFICERS (CONTINUED)

Edward E. Matthews Senior Vice President	70 Pine Street New York, NY 10270
Marc Timothy Willis Senior Vice President	500 Madison Street 10th Floor Chicago, Illinois 60606-2511
Robert Beier Vice President	99 John Street New York, NY 10038
John J. Blumenstock Vice President	99 John Street New York, NY 10038
Lawrence W. Carlstrom Vice President	National Union Fire Insurance Co. 520 Pike Street, Suite 2700 Seattle, Washington 98101
John G. Colona Vice President	505 Carr Road Wilmington, Delaware 19809
Robert K. Conry Vice President	70 Pine Street New York, NY 10270
Brian S. Frisch Vice President	99 John Street New York, NY 10038
Kumar Gursahaney Vice President	99 John Street New York, NY 10038
Harold S. Jacobowitz Vice President	70 Pine Street New York, New York 10270
Dee R. Klock Vice President	99 John Street New York, NY 10038

## THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

## EXECUTIVE OFFICERS (CONTINUED)

Michael G. McCarter  
Vice President

70 Pine Street  
New York, New York 10270

Tobey J. Russ  
Vice President

70 Pine Street  
New York, New York 10270

## STOCK PURCHASE AND SALE AGREEMENT

Stock Purchase and Sale Agreement (the "Agreement") dated as of December 11, 1996 between AMERICAN INTERNATIONAL GROUP, INC., a Delaware corporation and including its wholly-owned subsidiaries ("AIG"), and AON CORPORATION, a Delaware corporation ("Aon").

WHEREAS, AIG desires to sell to Aon or a designated wholly owned subsidiary thereof (the "Purchaser"), and the Purchaser desires to purchase, an aggregate of 4,846,232 shares (the "Shares") (including 95,024 shares to be issued as a regular quarterly dividend on December 15, 1996) of 8% Series B Cumulative Convertible Preferred Stock, par value \$1.00 per share, of A&A (the "Series B Stock") for the consideration and upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the respective covenants, agreements and conditions contained herein, each of the parties agree as follows:

1. Closing

a. Time and Place of the Closing. The Closing (the "Closing") shall take place at the offices of Cahill Gordon & Reindel, 80 Pine Street, New York, New York on the date which is two Business Days after Aon or any affiliate of Aon first acquires on or after the date hereof in any manner any equity interest in Alexander & Alexander Services Inc. ("A&A"), or any right or security convertible or exercisable into any such interest, or any right to acquire any thereof, by purchase or tender offer or otherwise (an "Aon Equity Acquisition"). Aon shall give AIG two business days prior written notice of the date the Closing is scheduled to occur. The "Closing Date" shall be the date the Closing occurs.

b. Transactions at the Closing. At the Closing, subject to the terms and conditions of this Agreement, AIG shall sell to Aon, and Aon shall purchase from AIG, the Shares. At the Closing, AIG shall deliver to Aon a certificate or certificates representing the Shares, with stock powers duly endorsed in blank for transfer, against receipt of the Purchase Price with respect thereto by wire transfer of immediately available funds to an account or accounts previously designated by AIG.

c. Purchase Price. The Purchase Price for the Shares shall be \$317,500,000 in cash plus a cash amount equal to all accrued and unpaid dividends on the Series B Stock to and including the Closing Date (as well as cash equal to the liquidation preference of any additional shares of Series B Stock issued as a pay-in-kind dividend on the Series B Stock after December 15, 1996, if any, which shares shall be included in the definition of "Shares" herein). In the event that the Closing Date occurs after the record date for any dividend payment date after December 15, 1996 and before the dividend payment date, AIG will assign to Aon its right to receive any dividend so declared by A&A.

## 2. Conditions to the Closing

a. Conditions Precedent to the obligations of Aon. The obligations of Aon to be discharged under this Agreement on the Closing Date are subject to satisfaction of the following conditions at the Closing (unless expressly waived in writing by Aon at or prior to the Closing):

(i) Compliance by AIG. All of the terms, covenants and conditions of this Agreement to be complied with and performed by AIG at or prior to the Closing shall have been complied with and performed by AIG in all material respects, and the representations and warranties made by AIG in this Agreement shall be true and correct in all material respects at and as of the Closing, with the same force and effect as though such representations and warranties had been made at and as of the Closing.

(ii) No Injunction. No statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other governmental entity preventing the consummation of the purchase of the Shares shall be in effect.

b. Conditions Precedent to Obligations of AIG. The obligations of AIG to be discharged under this agreement on the Closing Date are subject to satisfaction of the following conditions at the Closing (unless waived by AIG at or prior to the Closing):

(i) Compliance by Aon. All of the terms, covenants and conditions of this Agreement to be complied with and performed by Aon at or prior to the Closing shall have been complied with and performed by it in all material respects, and the representations and warranties made by Aon in this Agreement shall be true and correct in all material respects at and as of the Closing, with the same force and

effect as though such representations and warranties had been made at and as of the Closing.

(ii) No Injunction. No statute, rule, regulation, executive order, decree, temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other governmental entity preventing the consummation of the purchase of the Shares shall be in effect.

3. Representations and Warranties of Aon. Aon hereby represents and warrants to AIG:

a. Organization, Good Standing, Power, Authority, Etc. Aon is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Aon has the full corporate power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement. Aon has taken all action required by law, its Certificate of Incorporation, its by-laws or otherwise required to be taken by it to authorize the execution, delivery and performance by it of this Agreement. This Agreement is a valid and binding obligation of Aon, enforceable in accordance with its terms, except that such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and general principles of equity.

b. No Conflicts. Neither the execution and delivery of this Agreement nor the consummation by Aon of the transactions contemplated hereby will (i) conflict with, or result in a breach of, any provision of its charter or by-laws, (ii) violate any statute or law or any judgment, order, writ, injunction, decree, rule or regulation applicable to Aon and/or any of its subsidiaries or (iii) cause a breach of any material contract of Aon, which breach would prevent consummation of the transactions contemplated hereby.

c. No Consents. No consent, authorization or approval of, or declaration, filing or registration with, or exemption by, any governmental or regulatory authority is required in connection with the execution and delivery of, and the performance by Aon of its obligations under, this Agreement or the consummation by Aon of the transactions to be performed by it as contemplated hereby, other than the approvals of the Department of Insurance of the States of Delaware, New York, and Vermont with respect to the transactions contemplated hereby and filings under the Hart-Scott-

Rodino Antitrust Improvements Act ("HSR") and the Competition Act (Canada).

d. Investment Intent, Etc. Aon (i) has such knowledge, sophistication and experience in business and financial matters that it is capable of evaluating the merits and risks of an investment in the Shares, (ii) can bear the economic risk of an investment in the Shares and can afford a complete loss of such investment, and (iii) is purchasing the Shares for investment and not with a view to, or for a sale in connection with, any public distribution in violation of the Securities Act of 1933 (the "Act").

4. Representations and Warranties of AIG. AIG hereby represents and warrants to Aon:

a. Organization, Good Standing, Power, Authority, Etc. AIG is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. AIG has the full power and authority to execute and deliver this Agreement. AIG has taken all action required by law, its charter, its by-laws or otherwise required to be taken by it to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated to be performed by it hereby. This Agreement is a valid and binding agreement of AIG, enforceable in accordance with its terms, except that such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and general principles of equity.

b. No Conflicts. Neither the execution and delivery of this Agreement nor the consummation by AIG of the transactions contemplated hereby will (i) conflict with, or result in a breach of, any provision of its charter or by-laws, (ii) violate any statute or law or any judgment, order, writ, injunction, decree, rule or regulation applicable to AIG and/or any of its subsidiaries or (iii) cause a breach of any material contract of AIG, which breach would prevent consummation of the transactions contemplated hereby.

c. No Consents. No consent, authorization or approval of, or declaration, filing or registration with, or exemption by, any governmental or regulatory authority is required in connection with the execution and delivery of, and the performance by AIG of its obligations under, this Agreement or the consummation by AIG of the transactions to be performed by it as contemplated hereby, other than such filings under HSR as may be required.

d. Title to Shares. AIG, indirectly through its wholly owned subsidiaries, owns the Shares. Each wholly owned subsidiary of AIG which owns Shares has legal and valid title to such Shares, free and clear of all restrictions on transfer (other than those imposed by the Act, securities or Blue Sky laws of certain jurisdictions, the A&A charter and restrictions under Section 6 of the Stock Purchase Agreement (the "Stock Purchase Agreement") by and between AIG and A&A dated as of June 6, 1994), liens, encumbrances, security interests and claims whatsoever.

5. Covenants.

a. Pre-Closing Activities. From and after the date of this Agreement until the Closing, each of AIG and Aon shall act with good faith towards, and shall use its reasonable best efforts to consummate, the transactions contemplated by this Agreement.

b. Publicity. Each of AIG and Aon will consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by law.

c. Dividends. Aon will not waive or modify its rights under the Merger Agreement that require A&A to pay dividends on the Series B Stock in cash after December 15, 1996.

d. Series B Stock. All the rights and preferences of the Series B Stock shall remain in full force and effect until the Closing; provided, however, that AIG agrees to suspend voluntarily its rights under Section 9(d) of the Articles Supplementary and its right to require A&A to repurchase any of the Series B Stock pursuant to Section 7 of the Articles Supplementary related thereto, in each case until the earlier of the Closing or termination of this Agreement. AIG will not transfer, assign, sell, pledge or otherwise dispose of any of the Shares to any third party, other than as contemplated in this Agreement, until the earlier of the Closing or the termination of this Agreement.

e. Waiver of Rights and Acknowledgment. Effective as of the date hereof, AIG waives its rights, if any, under Section 6.0 of the Stock Purchase Agreement. AIG acknowledges that the consent of AIG referred to in paragraph (1) of the letter between A&A and AIG dated June 30, 1994, or any other consent related to the same subject matter,



cannot be withheld or delayed with respect to commercially reasonable actions proposed to be taken by A&A.

6. Termination. This Agreement (A) shall terminate without any action by the parties hereto on the earliest of (i) if the Closing shall not have occurred, April 15, 1997, (ii) if the Closing has not occurred, four Business Days after an Aon Equity Acquisition and (iii) the effective date of termination of the Merger Agreement between Aon, A&A and the other parties thereto, dated the date hereof and as amended from time to time, and (B) may be terminated at any time prior to the Closing by a written instrument executed and delivered by the parties hereto.

7. Miscellaneous.

a. Notices. All notices or other communications given or made hereunder shall be validly given or made if in writing and delivered by facsimile transmission or in person at, or mailed by registered or certified mail, return receipt requested, postage prepaid, to, the following addressees (and shall be deemed effective at the time of receipt thereof).

If to Aon:           Aon Corporation  
                      123 North Wacker Drive  
                      Chicago, IL 60606  
                      Attention: Raymond I. Skilling, Esq.  
                                  Executive Vice President &  
                                  Chief Counsel

If to AIG:           American International Group, Inc.  
                      70 Pine Street  
                      New York, New York 10270  
                      Attention: Vice Chairman - Investments  
                                  and Financial Services

Or to such other addresses the party to whom notice is to be given may have previously furnished in writing to the others in the manner set forth above.

b. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS IN THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

c. Severability; Interpretation. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, each of Aon and AIG directs that such court interpret and apply the remainder of this Agreement in the manner which it determines most closely effectuates their intent in entering into this Agreement, and in doing so particularly take into account the relative importance of the term, provision, covenant or restriction being held invalid, void or unenforceable.

d. Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

e. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party without the prior written consent of the other party, except that Aon may assign the right to acquire the Shares in accordance with the terms hereof to one or more wholly owned subsidiaries of Aon.

f. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

g. Survival of Representations and Warranties. The representations and warranties in this Agreement shall survive the Closing Date.

h. Entire Agreement; No Third Party Beneficiaries. This Agreement, including the documents and instruments referred to herein, constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof and is not intended to confer upon any person other than the parties any rights or remedies hereunder.

i. Enforcement of this Agreement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

j. Amendment. This Agreement may be amended, modified or supplemented; provided that the same shall be in writing and be signed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

AMERICAN INTERNATIONAL  
GROUP, INC., for and on behalf  
of itself and its wholly owned  
subsidiaries

By: /s/ M.R. Greenberg

-----  
Name: M.R. Greenberg  
Title: Chairman and Chief  
Executive Officer

AON CORPORATION

By: /s/ Patrick G. Ryan

-----  
Name: Patrick G. Ryan  
Title: Chairman, President & Chief  
Executive Officer