

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

SAI DEFERRED COMPENSATION HOLDINGS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)

13-4045355
(I.R.S. EMPLOYER IDENTIFICATION NO.)

70 PINE STREET, NEW YORK, NEW YORK 10270
(212) 770-7000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING
AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

AMERICAN INTERNATIONAL GROUP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)

13-2592361
(I.R.S. EMPLOYER IDENTIFICATION NO.)

70 PINE STREET, NEW YORK, NEW YORK 10270
(212) 770-7000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING
AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

KATHLEEN E. SHANNON
AMERICAN INTERNATIONAL GROUP, INC.
70 PINE STREET
NEW YORK, NEW YORK 10270
(212) 770-7000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

APPROXIMATE DATE OF COMMENCEMENT OF
PROPOSED SALE TO THE PUBLIC: From time to
time after the effective date of this
Registration Statement.

If the only securities being registered on this form are being
offered pursuant to dividend or interest reinvestment plans, please check the
following box. / /

If any of the securities being registered on this form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, other than securities being offered only in connection
with dividend or interest reinvestment plans, please check the following box.
/X/

If this form is filed to register additional securities for an
offering pursuant to Rule 462(b) under the Securities Act, please check the
following box and list the Securities Act registration statement number of the
earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule
462(c) under the Securities Act, check the following box and list the Securities
Act registration statement number of the earlier effective registration
statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to
Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered (1)	Amount to be Registered	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Deferred Compensation Obligations.....	\$200,000,000	100%	\$200,000,000	\$55,600
Guarantee (3)				

(1) The Deferred Compensation Obligations are unsecured obligations of SAI Deferred Compensation Holdings, Inc. to pay deferred compensation in the future in accordance with the terms of the Amended and Restated Registered Representatives' Deferred Compensation Plan. Payment of the Deferred Compensation Obligations will be fully and unconditionally guaranteed by American International Group, Inc.

(2) Estimated solely for the purpose of determining the registration fee.

(3) No additional fee is required for the guarantee pursuant to Rule 457(n).

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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\$200,000,000
DEFERRED COMPENSATION OBLIGATIONS
OF
SAI DEFERRED COMPENSATION HOLDINGS, INC.
UNCONDITIONALLY
GUARANTEED AS TO PAYMENT BY
AMERICAN INTERNATIONAL GROUP, INC.

Under the Amended and Restated Registered Representative's Deferred Compensation Plan, you may defer receipt of all or a portion of your commissions and other advisory fees. While deferred, these commissions and fees are treated as if they were invested in the valuation funds selected by you. However, you have no direct interest in any of these valuation funds.

SAI Deferred Compensation Holdings, Inc. ("SAI") is obligated to repay your deferred compensation in accordance with the Plan, and AIG has fully and unconditionally guaranteed SAI's payment obligation. The obligations of SAI and AIG under the Plan and the guarantee, respectively, are not secured and represent general obligations of SAI and AIG.

Neither SAI nor AIG will receive any proceeds from the issuance of the deferred compensation obligations or the guarantee.

SEE RISK FACTORS ON PAGE 6 FOR CERTAIN INFORMATION THAT YOU SHOULD CONSIDER BEFORE PARTICIPATING IN THE PLAN.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES
COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR
DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY
REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS , 1999.

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You should rely only on the information contained or incorporated by reference in this Prospectus. Neither SAI nor American International Group, Inc. ("AIG") has authorized anyone to provide you with information different from that contained in this Prospectus. SAI and AIG are offering to sell the Deferred Compensation Obligations and the related Guarantee only in jurisdictions where offers and sales are permitted. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of the Deferred Compensation Obligations.

WHERE YOU CAN FIND MORE INFORMATION

AIG files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). You may read and copy any documents AIG files at the SEC's public reference room, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. AIG's SEC filings are also available to the public on the SEC's web site at <http://www.sec.gov> and through the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which AIG's common stock is listed.

The SEC allows AIG to "incorporate by reference" the information AIG files with them, which means that AIG can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Prospectus, and later information that AIG files with the SEC will automatically update and supersede this information as well as the information included in this Prospectus. AIG incorporates by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") until all the Deferred Compensation Obligations are sold. This Prospectus is part of a registration statement AIG and SAI filed with the SEC.

- - Annual Report on Form 10-K for the fiscal year ended December 31, 1997;
- - Quarterly Reports on Form 10-Q for the quarters ended March 31, 1998, June 30, 1998 and September 30, 1998; and
- - Current Reports on Form 8-K dated February 10, 1998, August 20, 1998, August 24, 1998 and October 22, 1998.

You may request a copy of these filings (other than any exhibits unless specifically incorporated by reference into this Prospectus), at no cost, by writing or telephoning us at the following address:

American International Group, Inc.
 Director of Investor Relations
 70 Pine Street
 New York, New York 10270
 (212) 770-7074

SAI is a wholly-owned subsidiary of AIG. In light of the full and unconditional guarantee of AIG of the Deferred Compensation Obligations, no information concerning SAI has been provided in this Prospectus.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the historical ratios of earnings to fixed charges of AIG and its consolidated subsidiaries for the periods indicated:

Nine months ended September 30,		Years ended December 31				
1998	1997	1997	1996	1995	1994	1993
3.66	3.52	3.50	3.41	3.27	3.05	3.10

Earnings represent income from operations before income taxes, adjustments for minority interest, and the cumulative effect of accounting changes for the year ended December 31, 1993, plus fixed charges (other than capitalized interest), amortization of capitalized interest and the distributed income of equity investees less the minority interest in pre-tax income of subsidiaries that do not have fixed charges. Fixed charges include interest, whether expensed or capitalized, amortization of debt issuance costs and one third of rental expense, which management of AIG believes is representative of the interest factor. The cumulative effect of accounting changes for the year ended December 31, 1993, pertains to the adoption of accounting pronouncements by minority-owned reinsurance operations in 1993 relating to post-retirement benefits (FASB 106) and income taxes (FASB 109) and amounts to approximately \$20.7 million.

RISK FACTORS

A decision to participate in the Amended and Restated Registered Representatives' Deferred Compensation Plan (the "Plan") involves certain risks. You should carefully consider the following information, as well as the other information included or incorporated by reference in this Prospectus, in considering whether to participate in the Plan.

FLUCTUATION IN VALUE OF DEFERRED COMPENSATION OBLIGATIONS; NO PRINCIPAL PROTECTION

The value of your deferred compensation is indexed to the performance of the valuation funds selected by you. You may change your valuation fund selections only four times a year. These funds may go up or down in value, and the value of your deferred compensation will correspondingly increase or decrease. Because you may change your valuation fund selections only once each quarter, you may be unable to change your selections in order to limit your exposure to a previously selected mutual fund. Further, even if you decrease your deferred compensation to zero, the amount of compensation that you have already deferred will continue to increase or decrease corresponding to your valuation fund selections until your Accounts are paid out in full. Your Accounts may not be paid out for an extended period of time. See "Description of Deferred Compensation Obligations -- Payment of Earnings." Other than with respect to interest, as described under "Description of Deferred Compensation Obligations -- Interest," the Plan does not guarantee a minimum rate of return. As a result, you may lose your entire investment in the Plan.

NO RECOMMENDATION AS TO INVESTMENT FUNDS

You may index your deferred compensation to a number of valuation funds as described under "Description of Deferred Compensation Obligations -- The Deferred Earnings." Neither AIG nor SAI makes any recommendation as to which valuation funds you should select or how much deferred compensation that you should index to any particular valuation fund. You must do your own analysis of the risks and benefits from selecting a particular valuation fund. You also must determine which valuation funds are a suitable investment for you based on your investment and other objectives. You are encouraged to carefully review the prospectus relating to each valuation fund that you select.

NO OWNERSHIP OF UNDERLYING FUNDS; NO INTEREST IN HEDGING TRANSACTIONS

Your deferred compensation is indexed to the value of the valuation funds selected by you. Your deferred compensation is not invested in the funds by SAI on your behalf. Your sole recourse for repayment under the Plan is to SAI, as the issuer of the Plan, and AIG under its guarantee.

The Plan does not require AIG or SAI to hedge their exposure under the Plan by purchasing interests in the valuation funds. However, AIG and SAI may hedge their exposure under the Plan through purchasing or selling interests in the underlying valuation funds, or purchasing or selling derivative or other instruments. No participant in the Plan has any interest in the profits (or losses) arising from these hedging activities, and AIG or SAI may profit from these activities while the value of your deferred compensation may decline. Further, these activities may adversely affect the value of the underlying valuation funds.

DESCRIPTION OF DEFERRED COMPENSATION OBLIGATIONS

GENERAL

In connection with the acquisition of SunAmerica Inc. by AIG, SAI has assumed SunAmerica's obligations under the Plan, and AIG has fully and unconditionally guaranteed SAI's payment obligations under the Plan.

The purpose of the Plan is to (1) attract and retain individuals to become licensed with certain broker/dealer subsidiaries of AIG to market the financial products offered for sale by those broker/dealer subsidiaries and (2) assist in the representatives' long range financial planning by offering an alternative for investing monthly commission and fee payments (collectively, the "Earnings") on a tax-deferred basis.

PARTICIPATION

Enrollment in the Plan is on a voluntary basis. Representatives will be eligible to participate in the Plan on the first day of any month after the representative has

been licensed with Advantage Capital Corporation, Royal Alliance Associates, Inc., SunAmerica Securities, Inc., FSC Securities Corporation, Spelman & Co., Inc., Sentra Securities Corporation or any additional broker-dealer subsidiaries added to the Plan by SAI (each a "Broker/Dealer Subsidiary" and collectively, the "Broker/Dealer Subsidiaries") for three full months unless earlier participation is permitted by the President of the relevant Broker/Dealer Subsidiary. Once a representative becomes eligible to participate, he or she will remain eligible to participate in the Plan until it is amended or terminated or until such representative is no longer affiliated with a Broker/Dealer Subsidiary.

THE DEFERRED EARNINGS

Under the Plan, each Broker/Dealer Subsidiary will offer its respective representatives an opportunity to enter into agreements for the deferral of a specified percentage of such representatives' Earnings. Each representative participating in the Plan (a "Participant") will execute a Deferred Compensation Agreement (the "Agreement") and an Enrollment/Change Form which, collectively, will set forth the obligations of the Participant and SAI with respect to the Plan.

SAI's obligation to make payments under the Plan will constitute general unsecured obligations of SAI, which will rank pari passu with all other unsecured and unsubordinated indebtedness of SAI from the time outstanding.

The amount of Earnings to be deferred by each Participant will be determined in accordance with the Plan, based on the election by each Participant. Participants may elect to defer from 1% to 100% of his or her respective Earnings. Each Participant may change the amount of Earnings to be deferred one time per calendar year. However, a Participant may reduce his or her deferral amount to zero at any time during the year, which change will become effective as soon as is administratively possible but thereafter Participant may not defer any Earnings under the Plan for 12 full months.

Two deferral accounts (the "Accounts") will be created for each Participant. One account, the "Fund Account," will be solely for the purpose of determining the value of the deferred Earnings. The other Account, the "Interest Account," will be solely for the purpose of keeping track of the interest earned on the deferred Earnings. A Participant's deferred Earnings will be credited to the Participant's Accounts within three business days of the date the Earnings otherwise would have been paid. Earnings in the Fund Account will be indexed to one or more investment options selected by each Participant from a list of available investment funds (the "Valuation Funds"). The value of each Participant's Fund Account will be adjusted to reflect the investment experience, whether positive or negative, of the Valuation Fund(s) selected by the Participant. Participants may change the Valuation Fund(s) used to measure the value of the Fund Account four times per year. Because the value of the Fund Account and therefore the deferred Earnings will vary with the investment experience of the Valuation Fund(s) selected by Participant, participation in the Plan entails investment risk which will be borne solely by Participant. Neither AIG nor SAI makes any representation as to the investment performance of any Valuation Fund. See "Risk Factors -- Fluctuation in Value of Deferred Compensation Obligations; No Principal Protection."

The currently available Valuation Funds are the following retail mutual funds, and investment portfolios: the SunAmerica Money Market Fund, the SunAmerica U.S. Government Securities Fund, the SunAmerica Balanced Assets Fund, the SunAmerica Small Company Growth Fund, the Style Select Series Aggressive Growth Portfolio, the Style Select Series Mid-Cap Growth Portfolio, the Style Select Series Value Portfolio, the Style Select Series International Equity Portfolio, the Style Select Series Large-Cap Growth Portfolio, the Style Select Series Large-Cap Blend Portfolio, the Style Select Series Large-Cap Value Portfolio, the Style Select Series Small-Cap Value Portfolio, the Style Select Series Focus Portfolio and the "Dogs" of Wall Street Fund. Each Valuation Fund's investment objective is stated below:

- (1) The SunAmerica Money Market Fund seeks high current income consistent with liquidity and stability by investing primarily in high quality money market instruments.

- (2) The SunAmerica U.S. Government Securities Fund seeks high current income by investing primarily in fixed income securities.
- (3) The SunAmerica Balanced Assets Fund seeks to conserve principal by maintaining a balanced portfolio of stocks and bonds.
- (4) The SunAmerica Small Company Growth Fund seeks capital appreciation by investing primarily in equity securities.
- (5) The Style Select Series Aggressive Growth Portfolio seeks long-term growth of capital by investing generally in equity securities of small and medium-sized companies.
- (6) The Style Select Series Mid-Cap Growth Portfolio seeks long-term growth of capital by investing generally in equity securities of medium-sized companies.
- (7) The Style Select Series Value Portfolio seeks long-term growth of capital by investing in equity securities using a "value" style of investing.
- (8) The Style Select Series International Equity Portfolio seeks long-term growth of capital by investing in equity securities of issuers in countries other than the United States.
- (9) The Style Select Series Large-Cap Growth Portfolio seeks long-term growth of capital by investing generally in equity securities of large-sized companies.
- (10) The Style Select Series Large-Cap Blend Portfolio seeks long-term growth of capital and a reasonable level of current income by investing generally in equity securities of large-sized companies.
- (11) The Style Select Series Large-Cap Value Portfolio seeks long-term growth of capital by investing in equity securities of large-sized companies using a "value" style of investing.
- (12) The Style Select Series Small-Cap Value Portfolio seeks long-term growth of capital by investing in equity securities of small-sized companies using a "value" style of investing.
- (13) The Style Select Series Focus Portfolio seeks long-term growth of capital by investing generally in equity securities.
- (14) The "Dogs" of Wall Street Fund seeks total return (including capital appreciation and current income) through a passively managed strategy involving the annual selection of thirty high dividend yielding common stocks from the Dow Jones Industrial Average and the broader market.

SAI reserves the right to terminate the availability of any Valuation Fund and add additional Valuation Funds at any time.

Participants do not have any right, title or interest in or to any funds in the Accounts. All funds in the Accounts are a part of the general funds of SAI and Participants have no property interest therein or in any Valuation Funds or in any specific assets of SAI. See "Risk Factors -- No Ownership of Underlying Funds; No Interest in Hedging Transactions." No interest of any Participant in the Plan may be alienated, sold, assigned, pledged, encumbered or otherwise hypothecated, except by

the laws of descent and distribution or as otherwise permitted by the terms of the Plan.

The obligation of SAI to pay to each Participant the value of the Accounts is not convertible into any other security of SAI or AIG. The Plan does not contain any covenant or restriction on the business of SAI or AIG. In particular, neither the Plan nor the Guarantee contains any provision limiting or preventing AIG's ability to enter into a merger, consolidation or other business combination or to effect a restructuring.

INTEREST

The amount of the initially deferred Earnings will bear interest at 2.75% per annum. Interest will accrue on the initial amount of deferred Earnings and not on the value of the Fund Account. Interest will be calculated on the basis of a year of twelve-30 day months.

In certain circumstances amounts payable from the Fund Account may be offset by amounts payable under the Interest Account. See "Payment of Earnings."

PAYMENT OF EARNINGS

The Accounts are not subject to redemption, in whole or in part, prior to the payment date selected by Participant, except upon termination of the independent contractor relationship with the Broker/Dealer Subsidiary, or upon the death, permanent disability or retirement of Participant. The Accounts will be paid out in ten annual installments unless Participant selects an optional payment schedule. If (1) Participant's independent contractor relationship with the Broker/Dealer Subsidiaries is terminated; (2) Participant accepts employment or establishes a contractual relationship with a competitor of AIG or any Broker-Dealer Subsidiary; (3) Participant dies; or (4) the value of the Accounts is \$3500 or less on a required valuation date after an event giving rise to the right of distribution occurs, then the Accounts will be paid out in a lump sum. Each Participant may designate a beneficiary to receive distributions from the Accounts in the event of Participant's death.

The amount to be paid under the Plan on any payment date will equal the sum of (i) the amount in the Fund Account relating to such payment plus (ii) the amount in the Interest Account relating to such payment less (iii) an amount equal to the appreciation, if any, in the Fund Account up to the amount of interest accrued with respect to such payment in the Interest Account, but in no event more than the amount of such appreciation.

TAXES AND WITHHOLDINGS

Any payment under the Plan will be subject to withholding of all applicable taxes. If SAI or AIG should become obligated to make a tax payment with respect to any Participant's Account, SAI and AIG will have the right to make such payment on behalf of the Participant.

SAI and AIG will have the full right to set-off any obligation of a Participant owing to them or any Broker/Dealer Subsidiary against amounts owing to Participant under the Plan.

AMENDMENT AND TERMINATION

SAI may amend or terminate the Plan at any time, with or without notice. However, no amendment or termination may adversely affect the right of a Participant to receive the value of his or her Accounts. Upon termination of the Plan, all Accounts will be paid out in a manner specified by the Committee (as defined below under "Administration").

A management committee (the "Committee") will be created to administer the Plan to Participants. The Committee will be comprised of any five (5) officers of AIG or any subsidiary of AIG as selected by the Chairman, the President or any Vice Chairman of AIG. The Committee will interpret and administer the Plan and the Agreements. The Committee's interpretations and constructions of the Plan and the Agreements will be binding and conclusive on all Participants, SAI and AIG.

DESCRIPTION OF GUARANTEE

The Deferred Compensation Obligations of SAI will be fully and unconditionally guaranteed by AIG pursuant to a guarantee (the "Guarantee"). The Guarantee constitutes a general unsecured obligation of AIG which ranks pari passu with all of AIG's other unsecured and unsubordinated indebtedness.

AIG's obligation under the Guarantee will constitute a guarantee of payment and not of collection. A Participant may enforce such obligation directly against AIG, and AIG waives any right or remedy to require that any action be brought against SAI or any other person or entity before proceeding against AIG. Such obligation will not be discharged except by payment of the Guarantee in full.

The Guarantee does not include any covenant or restriction on the business of AIG. In particular, the Guarantee does not contain any provision that limits or prevents AIG from entering into a merger, consolidation or other business combination or to effect a restructuring.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The material federal income tax consequences of participating in the Plan are described below, and are based upon an analysis of the present provisions of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder and the assumption that Participants in the Plan receive remuneration from SAI for services provided as independent contractors. A Participant may also be subject to state and local taxes, the consequences of which are not discussed herein, in the jurisdiction in which he or she works and/or resides. THE FOLLOWING DISCUSSION DOES NOT PURPORT TO BE COMPLETE; EACH PARTICIPANT IS URGED TO CONSULT HIS OR HER PERSONAL TAX ADVISOR REGARDING THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES TO SUCH PARTICIPANT OF PARTICIPATING IN THE PLAN.

In the opinion of Sullivan & Cromwell, counsel to SAI, Participants will not be subject to federal income tax at the time of deferral of Earnings under the Plan. All deferred Earnings credited under the Plan to a Participant's Accounts will be on a tax-deferred basis, and such Participant will not be subject to tax on any amounts credited to such Accounts until such amounts are distributed or made available to such Participant. A Participant will realize taxable compensation income in an amount equal to any amount distributed, including any appreciation in the Fund Account, to a Participant under the Plan, and will be subject to self-employment taxes (SECA taxes) in respect of any such distributed amounts. The payout schedule elected by a Participant may affect the aggregate amount of taxes (including SECA taxes) payable in respect of distributed amounts. Each Participant should consult with his or her own tax advisor as to the impact of selecting a particular payout schedule. See "Description of Deferred Compensation Obligations -- Payout of Earnings." SAI generally will be entitled to a tax deduction in respect of any amounts distributed under the Plan at the time of distribution.

PLAN OF DISTRIBUTION

The Deferred Compensation Obligations and related Guarantee will be offered by each Broker/Dealer Subsidiary to its eligible employees. No agents, underwriters or dealers will be used in connection with such offering.

VALIDITY OF THE SECURITIES

The validity of the Deferred Compensation Obligations will be passed upon for SAI by Sullivan & Cromwell, Los Angeles, California. M. Bernard Aidinoff, Director of AIG, is Senior Counsel to Sullivan & Cromwell and beneficially owns 20,958 shares of AIG common stock and options to purchase 28,125 shares of AIG common stock. Partners

of Sullivan & Cromwell involved in the representation of AIG beneficially own approximately 3,735 shares of AIG common stock. The validity of the Guarantee will be passed upon by Kathleen E. Shannon, Esq., Associate General Counsel of AIG. Ms. Shannon is regularly employed by AIG, participates in various AIG employee benefit plans under which she may receive shares of common stock of AIG and currently beneficially owns less than 1% of the shares of outstanding common stock of AIG.

EXPERTS

The consolidated financial statements of AIG and its subsidiaries and the related financial statement schedules included in its Annual Report on Form 10-K for the year ended December 31, 1997, incorporated herein by reference, are so incorporated in reliance upon the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of that firm as experts in auditing and accounting.

PART II.
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions. All of the amounts shown are estimates, except the SEC registration fee.

SEC registration fee	\$55,600
Photocopying and printing	\$15,000
Legal fees and expenses	\$35,000
Fees of accountants	\$ 5,000
Miscellaneous	\$14,400
Total	\$125,000

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Restated Certificate of Incorporation of AIG (the "Certificate") provides that AIG shall indemnify to the full extent permitted by law any person made, or threatened to be made, a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that he, his testator or intestate is or was a director, officer or employee of AIG or serves or served any other enterprise at the request of AIG. Section 6.4 of AIG's By-laws contains a similar provision.

The Certificate also provides that a director will not be personally liable to AIG or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that such an exemption from liability or limitation thereof is not permitted by the Delaware General Corporation Law (the "GCL").

Section 145 of the GCL, permits indemnification against expenses, fines, judgments and settlements incurred by any director, officer or employee of AIG or SAI in the event of pending or threatened civil, criminal, administrative or investigative proceedings, if such person was, or was threatened to be made, a party by reason of the fact that he is or was a director, officer or employee of AIG or SAI. Section 145 also provides that the indemnification provided for therein shall not be deemed exclusive of any other rights to which those seeking indemnification may otherwise be entitled.

SAI's Certificate of Incorporation provides that SAI will indemnify all persons that it may indemnify under Section 145 of the GCL to the maximum extent permitted by Section 145. The By-laws of SAI contain provisions that implement the provisions of the Certificate of Incorporation.

In addition, AIG and SAI maintain a directors' and officers' liability insurance policy.

ITEM 16. LIST OF EXHIBITS

Exhibit

4.1	Registered Representatives' Deferred Compensation Plan
4.2	Form of Deferred Compensation Agreement
4.3	Form of Guarantee of American International Group, Inc.
5.1	Opinion of Sullivan & Cromwell, Los Angeles, California
5.2	Opinion of Kathleen E. Shannon, Esq.
8.1	Tax Opinion of Sullivan & Cromwell, New York, New York
12.1	Statement re: Computation of ratio of earnings to fixed charges
23.1	Consent of PricewaterhouseCoopers LLP

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23.2	Consent of Sullivan & Cromwell, Los Angeles, California (included with Exhibit 5.1)
23.3	Consent of Kathleen E. Shannon, Esq. (included with Exhibit 5.2)
24.1	Powers of Attorney for SAI and AIG (included on signature pages)

ITEM 17. UNDERTAKINGS

The undersigned registrants hereby undertake:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a) (3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a) (1) (i) and (a) (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by AIG pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) That, for purposes of determining any liability under the Securities Act of 1933, each filing of AIG's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the provisions referred to in Item 15 of this registration statement, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against

public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 10th day of March, 1999.

SAI DEFERRED COMPENSATION HOLDINGS, INC.

By: /S/ Howard I. Smith

 Howard I. Smith
 President

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Win J. Neuger and Howard I. Smith his or her true and lawful attorneys-in-fact and agents, each acting alone, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement, including pre-effective and post-effective amendments, as well as any related registration statement (or amendment thereto) filed pursuant to Rule 462 promulgated under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents or any of them or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

This Power of Attorney may be executed in multiple counterparts, each of which shall be deemed an original, but which, when taken together shall constitute one instrument.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Date ----
/S/ Howard I. Smith ----- Howard I. Smith	President and Director (Principal Executive, Financial and Accounting Officer)	March 10, 1999
/S/ Robert P. Jacobson ----- Robert P. Jacobson	Director	March 10, 1999
----- Win J. Neuger	Director	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 10th day of March, 1999.

AMERICAN INTERNATIONAL GROUP, INC.

By: /S/ M.R. Greenberg

M.R. Greenberg
Chairman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints M.R. Greenberg, Edward E. Matthews and Howard I. Smith his or her true and lawful attorneys-in-fact and agents, each acting alone, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement, including pre-effective and post-effective amendments, as well as any related registration statement (or amendment thereto) filed pursuant to Rule 462 promulgated under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents or any of them or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

This Power of Attorney may be executed in multiple counterparts, each of which shall be deemed an original, but which, when taken together shall constitute one instrument.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signature -----	Title -----	Date ----
/S/ M.R. Greenberg ----- (M.R. Greenberg)	Chairman, Chief Executive Officer, and Director (Principal Executive Officer)	March 10, 1999
/S/ Howard I. Smith ----- (Howard I. Smith)	Executive Vice President and Director (Principal Financial and Accounting Officer)	March 10, 1999
/S/ M. Bernard Aidinoff ----- (M. Bernard Aidinoff)	Director	March 10, 1999
/S/ Pei-yuan Chia ----- (Pei-yuan Chia)	Director	March 10, 1999

Signature -----	Title -----	Date -----
----- (Marshall A. Cohen)	Director	
/S/ Barber B. Conable, Jr. ----- (Barber B. Conable, Jr.)	Director	March 10, 1999
/S/ Martin S. Feldstein ----- (Martin S. Feldstein)	Director	March 10, 1999
----- (Leslie L. Gonda)	Director	
/S/ Evan G. Greenberg ----- (Evan G. Greenberg)	Director	March 10, 1999
----- (Carla A. Hills)	Director	
/S/ Frank J. Hoenemeyer ----- (Frank J. Hoenemeyer)	Director	March 10, 1999
/S/ Edward E. Matthews ----- (Edward E. Matthews)	Director	March 10, 1999
----- (Dean P. Phypers)	Director	
/S/ Thomas R. Tizzio ----- (Thomas R. Tizzio)	Director	March 10, 1999
/S/ Edmund S.W. Tse ----- (Edmund S.W. Tse)	Director	March 10, 1999
/S/ Frank G. Wisner ----- (Frank G. Wisner)	Director	March 10, 1999
----- (Eli Broad)	Director	
----- (Jay S. Wintrob)	Director	

Exhibit

4.1	Registered Representatives' Deferred Compensation Plan
4.2	Form of Deferred Compensation Agreement
4.3	Form of Guarantee of American International Group, Inc.
5.1	Opinion of Sullivan & Cromwell, Los Angeles, California
5.2	Opinion of Kathleen E. Shannon, Esq.
8.1	Tax Opinion of Sullivan & Cromwell, New York, New York
12.1	Statement re: Computation of ratio of earnings to fixed charges
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Sullivan & Cromwell, Los Angeles, California (included with Exhibit 5.1)
23.3	Consent of Kathleen E. Shannon, Esq. (included with Exhibit 5.2)
24.1	Powers of Attorney for SAI and AIG (included on signature pages)

Amended and Restated
Registered Representatives'
Deferred Compensation Plan

Effective January 1, 1999

Section 1. Establishment and Purpose

1.1 The Company has established, effective January 1, 1999, an unfunded deferred compensation plan, the Amended and Restated Registered Representatives' Deferred Compensation Plan, for the benefit of those individuals who act as registered representatives of the Broker-Dealer Subsidiaries (as hereinafter defined).

1.2 The purpose of the Plan is to attract and retain individuals to become licensed members with the Broker-Dealer Subsidiaries and to assist such individuals with long-range financial planning by offering an alternative for investing monthly commissions and fee payments.

Section 2. Definitions

2.1 As used herein the following terms shall have the meanings set forth below:

"Account" means, as to any Representative participating in the Plan, such Representative's Fund Account and Interest Account.

"AIG" means the American International Group, Inc., guarantor of the Company's payment obligations under this Plan, and its successors and assigns.

"Appreciation" means, with respect to the Fund Account, an increase in the value of the Fund Account in excess of the amount of Earnings originally deferred.

"Beneficiary" means the person or persons designated as such in accordance with Section 8 below.

"Broker-Dealer Subsidiary" means the following broker-dealer subsidiaries of AIG: Royal Alliance Associates, Inc., SunAmerica Securities, Inc., Advantage Capital Corporation, FSC Securities Corporation, Spelman & Co., Inc., Sentra Securities Corporation and any additional broker-dealer subsidiaries which the Company adds to this Plan by resolution of its board of directors.

"Committee" means the Management Committee appointed pursuant to Section 9.

"Company" means SAI Deferred Compensation Holdings, Inc., which has assumed from SunAmerica Inc., the benefits, rights, obligations, and duties under this Plan, and its successors and assigns.

"Deferred Benefit" means the amount of money owing to Representative at such time as Representative receives a distribution under this Plan and will be equal to the value of such Representative's Account, as determined in accordance with Section 5 below.

"Earnings" means the commission and/or advisory fee payments which a Representative is entitled to receive from a Broker-Dealer Subsidiary.

"Fund Account" means a bookkeeping entry maintained by the Company merely for the purposes of recordkeeping and recording the unsecured contractual obligation of the Company with respect to the portion of a Representative's deferred Earnings that are indexed to a Valuation Fund.

"Guarantee" means AIG's full and unconditional guarantee of the Company's payment obligations hereunder, substantially in the Form of Annex I hereto.

"Interest Account" means a bookkeeping entry maintained by the Company merely for the purposes of recordkeeping and recording the unsecured contractual obligation of the Company to pay interest on the amount of a Representative's originally deferred Earnings.

"Optional Distribution Date" means the date selected by Representative in accordance with Section 6 below.

"Plan" means this Amended and Restated Registered Representatives' Deferred Compensation Plan as such Plan may be amended, modified or restated from time to time.

"Plan Administrator" means the respective individual or individuals responsible for administering the Plan at the Broker-Dealer Subsidiary with which any given Representative holds his or her broker's license.

"Representative" means any individual holding his or her broker's license with a Broker-Dealer Subsidiary.

"Retirement" means such time as Representative ceases to be registered as a broker with any regulatory authority.

"Termination Event" means, with respect to any individual Representative, the occurrence of any event described in Section 6.1 below.

"Termination Valuation Date" means the Valuation Date which is the last business day of a calendar month at least 30 days after Termination Event, except that (a) with respect to the death of the Representative, the Termination Valuation Date shall be calculated from such point in time as the respective Broker-Dealer Subsidiary with which the deceased Representative held his or her broker's license receives due proof of death of such Representative and (b) with respect to a Representative who accepts employment with or otherwise establishes a contractual relationship with a competitor of AIG or any Broker-Dealer Subsidiary, the Termination Valuation Date shall be calculated from such point in time as the respective Broker-Dealer Subsidiary with which such Representative held his or her broker's license learns of such employment or contractual relationship.

"Valuation Date" means any date the United States financial markets are open for which a Representative's Account is required to be valued for any purpose.

"Valuation Funds" means one or more mutual funds designated as available under the Plan by the Committee from time to time.

2.2 As used herein, the term Representative shall also apply to any cash-basis corporate entity which is entitled to receive advisory fee-based payments from a Broker-Dealer Subsidiary (a "Corporate Representative"), the shares of which are owned principally by an individual holding his or her current broker's license with a Broker-Dealer Subsidiary (an "Individual Representative"). Such Corporate Representative must make a separate election to participate in this Plan. However, such Corporate Representative's ability to participate initially or at any time thereafter shall be, at all times, subject to the Individual Representative's participation in this Plan. Accordingly, by way of example and not limitation, if a Termination Event occurs with respect to the Individual Representative, a Termination Event shall be deemed to have occurred with respect to the Corporate Representative.

Section 3. Eligibility for Participation. Each Representative will be eligible to participate in this Plan on the first day of any month after Representative has been licensed with a Broker-Dealer Subsidiary for three (3) full months unless the President of the Broker-Dealer Subsidiary with which such Representative holds his or her broker's license determines that such Representative will be able to participate on an earlier date. Once a Representative becomes eligible to participate, he or she will remain eligible until this Plan is amended or terminated or until the occurrence of a Termination Event.

Section 4. Election to Defer.

4.1 Enrollment in this Plan is on a voluntary basis once a Representative becomes eligible. Enrollment will be effective as of the first day of the month following receipt by the Plan Administrator, in accordance with Section 9 below, of a Deferred Compensation Agreement and an Enrollment/Change Form, pursuant to which Representative will elect the amount of Earnings to be deferred and the method of distribution of such deferred Earnings.

4.2 Each participating Representative will determine the amount of Earnings to be deferred, up to 100%, in whole percent increments. The deferred Earnings will be deducted from each semi-monthly Earnings payment.

4.3 Participating Representatives may make changes to the amount of Earnings to be deferred. Changes by participating Representatives as to the amount of Earnings to be deferred will take effect at the beginning of the next calendar year provided the appropriate paperwork is received at least 30 business days before the beginning of such calendar year. All deferral elections must remain in effect for one full calendar year; provided, however, that a participating Representative may reduce the deferral amount to zero at any time during the year after participation in the Plan for three full months, which change will become effective as soon as is administratively possible. If Representative elects to reduce the deferral amount to zero, such Representative may not participate in this Plan for the next 12 calendar months and must thereafter complete the necessary paperwork to enroll in this Plan again.

Section 5. Valuation of Deferred Earnings.

5.1 The Company will establish and maintain an Account for each Representative participating in this Plan. All deferred Earnings will be credited to the Representative's Account within three business days of the date the Earnings otherwise would have been paid.

5.2 The Company will establish and maintain a Fund Account for each Representative participating in this Plan.

5.3 From and after January 1, 1999, the Company will establish and maintain an Interest Account for each Representative participating in this Plan. The amount of any Earnings deferred after January 1, 1999, will bear interest at a fixed rate per annum to be set from time to time by the Company. Interest will accrue on the initial amount of deferred Earnings and not on the value of the Fund Account. Interest will be calculated on the basis of a year of twelve- 30 day months. The Fund Account may be reduced by the Interest Account as provided in Section 5.5.

5.4 Each Representative must elect the Valuation Fund(s) which will be used to measure the value of his or her Fund Account. Amounts held in the Fund Account will be treated as though invested in such Valuation Fund(s) and adjustments to the value of the Fund Account will be made in accordance with Section 5.5 below. However, neither the Company nor AIG is required to make investments in the Valuation Funds. Deferred Earnings must be allocated to the Valuation Fund(s) in whole percent increments of at least 5%.

5.5 The value of each participating Representative's Fund Account shall be adjusted to reflect the investment experience of the Valuation Fund(s) elected by such Representative, whether positive or negative (including dividends and capital gains and losses), as if the Fund Account had been invested in such Valuation Fund(s); provided that in the event of Appreciation in a Representative's Fund Account, such Appreciation will be reduced (but not below zero) by up to the amount of interest accrued with respect to such deferred Earnings in the Interest Account.

5.6 The value of a Representative's Account at any time will equal the sum of the Fund Account (as reduced, if applicable, by the proviso to Section 5.5) and the Interest Account.

5.7 Representatives may change the Valuation Fund(s) against which the value of their Fund Accounts will be indexed by completing the necessary forms. Changes may be made with regard to new Earnings coming into the Fund Account or to existing Earnings in the Fund Account. Any modification will be effective on the first day of the calendar quarter which begins at least 15 days after the paperwork is received.

5.8 There shall be charged against each Representative's Account any payments made to the Representative or his or her Beneficiary in accordance with Sections 6 and 8 below.

5.9 Participating Representatives will be provided, on a semi-annual basis, a statement of account which indicates the value of such Representative's Account (broken down by the Fund Account and Interest Account) and the currently selected Valuation Fund(s) used to measure the value of the Fund Account.

5.10 The currently available Valuation Funds are identified on Schedule 1 to this Plan. The Company reserves the right to terminate the availability of any Valuation Fund and add additional Valuation Funds at any time.

Section 6. Distribution of Deferred Benefit

6.1 Upon the occurrence of the earliest Termination Event, a Deferred Benefit will be paid to Representative or his or her Beneficiary, as the case may be. The Termination Events are:

- (a) Representative's death;
- (b) Representative's permanent disability;
- (c) Termination of Representative's independent contractor relationship with the Broker-Dealer Subsidiary for any reason;
- (d) Representative's Retirement; or
- (e) Attainment of the Optional Distribution Date, if one is selected by Representative.

6.2 If selected, the Optional Distribution Date must be the first day of a calendar quarter which is at least four years after Representative begins deferring Earnings under this Plan. The Optional Distribution Date must be selected at the time of enrollment and once the election is made it can not be changed.

6.3 The Deferred Benefit will be paid out in ten annual installments unless the Representative selects, at the time of enrollment, an Optional Distribution Schedule. If an Optional Distribution Schedule is selected, it can not be changed. The Optional Distribution Schedules available include:

- (a) Annual installments over a period of five (5) years;
- (b) Annual installments over a period of three (3) years; and
- (c) A lump sum.

6.4 If Representative's Deferred Benefit is payable in installments, the Deferred Benefit shall be paid out in ten annual installments, or such lesser number of installments as selected by Representative. The amount to be paid in each installment shall be the value of the Account as of the Valuation Date multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of installment payments remaining. The initial payment shall be made within 60 days of the Valuation Date. All subsequent installment payments shall be made within the first four weeks of each calendar year thereafter until the Deferred Benefit has been fully paid. As used in this section, the Valuation Date for the first installment shall be the Termination Valuation Date and for each installment thereafter, the last Valuation Date of the calendar year which precedes the year of payment.

6.5 Participating Representatives will be required to take a lump sum distribution of the Deferred Benefit if such Representative accepts employment or otherwise establishes a contractual relationship with a competitor of AIG or any Broker-Dealer Subsidiary. The amount of the Deferred Benefit shall be determined as of the Termination Valuation Date and paid within 60 days thereof.

6.6 Participating Representatives will be required to take a lump sum distribution of the Deferred Benefit if, for any reason, the Broker- Dealer Subsidiary with which such Representative holds his or her broker's license terminates the independent contractor relationship between such Representative and Broker-Dealer Subsidiary. The amount of the Deferred Benefit shall be determined as of the Termination Valuation Date and paid within 60 days thereof.

6.7 Notwithstanding anything else contained herein, participating Representatives will be required to take a lump sum distribution of the Deferred Benefit upon the occurrence of a Termination Event if the value of the Deferral Account on the Termination Valuation Date is \$3500 or less. The amount of the Deferred Benefit shall be determined as of the Termination Valuation Date and paid within 60 days thereof.

6.8 There are no interim or periodic payments of amounts accrued in the Interest Account.

6.9 Following receipt of the entire Deferred Benefit, participating Representatives shall not be entitled to any rights under this Plan.

Section 7. Financial Hardship Distribution. In the event of an unforeseeable emergency, Representative or his or her Beneficiary may apply through the Plan Administrator for a hardship withdrawal. The application will be reviewed by a committee of some combination of the Chairman, President, Executive Vice President(s) and Senior President(s) of the Broker- Dealer Subsidiary with which such Representative holds his or her broker's license. If such application for hardship withdrawal is approved, the Company shall pay to Representative or Representative's Beneficiary such value as is reasonably necessary to meet the hardship needs, including provision for taxes on the emergency distribution, in an amount not to exceed the Deferred Benefit. For purposes of this Plan, hardship withdrawals require that Representative or Representative's Beneficiary have an immediate and heavy unanticipated financial emergency and that the withdrawal be necessary to meet such emergency need. Such hardship must be beyond the control of Representative or Representative's Beneficiary and Representative or Representative's Beneficiary must not be able to meet such needs by other financial resources available. If Representative takes a hardship withdrawal under this Plan, he or she may not defer any Earnings under this Plan for a period of one year from the date of the withdrawal, after which time Representative must re-enroll in this Plan in order to commence deferring Earnings again.

Section 8. Beneficiary Designation and Survivor Benefits.

8.1 Each Representative may designate any person or persons as Beneficiary or Beneficiaries to receive distribution(s) under this Plan in the event of Representative's death prior to complete distribution to Representative of the Deferred Benefit due under this Plan. Beneficiaries must be designated on the Enrollment/Change Form at any time prior to Representative's death.

8.2 In the absence of an effective Beneficiary designation by Representative, the entire undistributed Deferred Benefit will be paid in a lump sum payment equal to the value of the Representative's Account determined as of the Termination Valuation Date, within 60 days thereof to Representative's estate.

8.3 If a Representative dies prior to receiving any portion of the Deferred Benefit, Representative's Beneficiary will be paid a lump sum payment equal to the value of the Representative's Account determined as of the Termination Valuation Date, within 60 days thereof.

8.4 If a Representative dies after becoming eligible to receive the Deferred Benefit but prior to receiving the entire benefit, the remaining Deferred Benefit will be paid in a lump sum payment equal to the value of the Representative's Account determined as of the Termination Valuation Date, within 60 days thereof.

Section 9. Plan Administration.

9.1 This Plan will be administered by a Management Committee (the "Committee"). The Committee will be comprised of any five (5) officers of AIG or any subsidiary of AIG as selected by the Chairman, the President or any Vice Chairman of AIG. The Committee shall interpret and administer this Plan in accordance with its terms. The Committee's interpretations and constructions shall be binding and conclusive on all persons for all purposes.

9.2 Representatives may obtain any necessary form(s) by request to the Plan Administrator. All forms and agreements and any other necessary documents must be properly executed and delivered to the Plan Administrator within the specified time limitations in order to be effective.

Section 10. Nature of Company's Obligation and AIG's Guarantee.

10.1 The Company's obligation under this Plan shall be an unfunded and unsecured promise to pay. Neither the Company nor AIG shall be obligated under any circumstances to fund its financial obligations under this Plan or the Guarantee.

10.2 The obligation to pay to participating Representatives the deferred Earnings, with such adjustments as are provided for herein, shall be carried on the books of the Company as an unsecured debt. The balance at any time in the Account is not held in trust for Representative, and neither Representative, his or her estate or personal representative(s), nor his or her beneficiaries shall have any right, title or interest in or to any funds in the Account, which is established by the Company merely for the purpose of recording such unsecured contractual obligation. All funds in the Account shall continue to be part of the general funds of the Company, and neither the Representative, his or her estate or personal representative(s), nor his or her beneficiaries shall have any property interest in any specific assets of the Company or AIG. Each Representative participating in this Plan is considered a general unsecured creditor of the Company.

10.3 The Guarantee constitutes a general unsecured obligation of AIG, which ranks pari passu with all of AIG's other unsecured and unsubordinated indebtedness. Neither the Representative, his or her estate or personal representatives, nor his or her own beneficiaries shall have any property interest in any specific assets of AIG. In the event that a payment is due to a Representative under the Guarantee, such Representative will be a general unsecured creditor of AIG.

10.4 Notwithstanding anything to the contrary contained herein, the Company or AIG may at any time transfer assets to a trust for purposes of paying all or any part of its obligations under this Plan. However, to the extent provided in the trust only, such transferred amounts shall remain subject to the claims of general creditors of the Company or of general creditors of AIG. To the extent assets are held in a trust when a Representative's Deferred Benefit becomes payable, the Company or AIG, in the event of a Guarantee payment, shall direct the trustee to pay such benefit to Representative from the assets of the trust.

Section 11. Miscellaneous.

11.1 Except as set forth herein, no right to receive any Deferred Benefit shall be subject to anticipation, alienation, sale, assignment, pledge, hypothecation, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, hypothecate, encumber or charge the same will be void; provided, however, a Representative may assign his or her right to receive a Deferred Benefit to a revocable living trust set-up by such Representative. No right under this Plan shall in any manner be liable for or subject to any debts, contracts, liabilities or torts of the person entitled to such rights.

11.2 Taxes and Withholdings.

(a) Any payment of a Deferred Benefit hereunder will be subject to withholding of all applicable taxes.

(b) If the whole or any part of any Account shall become liable for the payment of any estate, inheritance, income, or other tax which the Company or AIG shall be required to pay, or is otherwise attached for the payment of amounts owing by Representative, the Company and AIG shall have the full power and authority to pay such obligation out of any monies or other property in its hand for the account of Representative whose interests hereunder are so liable. The Company or AIG shall provide Representative notice of such payment. Prior to making any payment, the Company or AIG may require such releases or other documents from any lawful taxing authority as it shall deem necessary.

11.3. In addition to any other rights of set off the Company or AIG or any Broker-Dealer Subsidiary might have, the Company and AIG shall have the right, without prior notice, to set off any obligation of a participating Representative owing to the Company or AIG or any Broker-Dealer Subsidiary against amounts owing to Representative under the terms of this Plan.

11.4 Nothing in this Plan is intended to (a) limit in any way the right of any Broker-Dealer Subsidiary to terminate a Representative's contractor relationship with Broker-Dealer Subsidiary; or (b) otherwise create any employment relationship between the Representative and any Broker- Dealer Subsidiary or the Company or AIG.

11.5 The Company expects to continue this Plan but is not obligated to do so. The Company reserves the right to amend, modify or terminate this Plan at any time, or from time to time, in whole or in part, for any reason (including, without limitation, a change, or an impending change, in the applicable laws of the United States or any State). If this Plan is amended, modified or terminated, the Committee shall be notified of such action in writing executed by a duly authorized officer of the Company, and thereafter this Plan shall be so amended, modified or terminated at the time therein set forth. Any amendment, modification or termination of this Plan shall be binding on the Representatives, but in no event may such amendment, modification or termination reduce the amounts credited at that time to any Representative's Account. Upon termination of this Plan, the Accounts shall either be paid in a lump sum immediately, or distributed in some other manner consistent with this Plan, as determined by the Committee in its sole direction.

11.6 In the event any provision of this Plan is held invalid, void or unenforceable, the same shall not affect the validity of any other provision of this Plan.

11.7 This Plan shall be governed by and construed in accordance with the laws of the state of California.

SCHEDULE 1

VALUATION FUNDS

SunAmerica Money Market Fund
SunAmerica U.S. Government Securities Fund
SunAmerica Balanced Assets Fund
SunAmerica Small Company Growth Fund
Style Select Series Large-Cap Growth Portfolio
Style Select Series Mid-Cap Growth Portfolio
Style Select Series Aggressive Growth Portfolio
Style Select Series Large-Cap Blend Portfolio
Style Select Series Large-Cap Value Portfolio
Style Select Series Value Portfolio
Style Select Series Small-Cap Value Portfolio
Style Select Series International Equity Portfolio
Style Select Series Focus Portfolio
"Dogs" of Wall Street Fund

DEFERRED COMPENSATION AGREEMENT

This Deferred Compensation Agreement ("Agreement") is entered into as of _____, by and between SAI DEFERRED COMPENSATION HOLDINGS, INC. (the "Company"), _____, ("Broker-Dealer"), and _____ ("Representative").

The Company has established, in conjunction with Broker-Dealer, the Amended and Restated Registered Representatives' Deferred Compensation Plan (as amended from time to time, the "Plan") pursuant to which Broker-Dealer's registered representatives may elect to defer receipt of some or all of the commission and fee payments such registered representatives are entitled to receive. In consideration of the mutual agreements herein contained, the parties hereby agree as follows:

Section 1. The Plan. The deferral of compensation elected by Representative hereunder is pursuant to the Plan, a copy of which Representative has received and the terms of which are incorporated herein by reference. Capitalized terms used herein which are not defined are used with the meanings provided for in the Plan.

Section 2. Amount of Deferral.

2.1 Representative desires to defer Earnings received from time to time from Broker-Dealer in accordance with and subject to the Plan.

2.2 Pursuant to the terms of the Plan, Representative may defer up to 100% of future Earnings, by executing this Agreement and completing an Enrollment/Change Form to enroll in the Plan. The election shall remain in effect until and unless modified as provided in the Plan.

Section 3. Deferral Account.

3.1 The obligation to pay to Representative the amount deferred, with the interest and adjustments provided for in the Plan, shall be carried on the books of the Company as an unsecured debt in two accounts (the "Accounts"). The balance at any time in the Accounts is not held in trust for Representative, and neither Representative, his or her estate or personal representative(s) nor his or her beneficiaries shall have any right, title or interest in or to any funds in the Accounts, which are established by the Company merely for the purpose of recording such unsecured contractual obligation. All funds in the Accounts shall continue to be part of the general funds of the Company.

3.2 Each Representative must elect the Valuation Fund(s) which will be used to measure the value of his or her Fund Account. Amounts held in the Fund Account will be treated as though invested in such Valuation Fund(s) and adjustments to the value of the Fund Account will be made in accordance with the Plan. Representative may change the Valuation Fund(s) against which the value of the Fund Account will be indexed in accordance with the terms of the Plan. The Company is not required to make investments in the Valuation Funds.

3.3 Amounts held in the Interest Account will accrue interest as provided in the Plan and may, under certain circumstances, be reduced by the appreciation in the Fund Account.

3.4 Earnings deferred under the Plan will be paid out in the manner and at the times provided by the Plan.

Section 4. General Provisions.

4.1 Representative may obtain any necessary form(s) by request to the Plan Administrator. All forms and agreements and any other necessary documents must be properly executed and delivered to the Plan Administrator within the specified time limitations in order to be effective.

4.2 Representative may designate a beneficiary or beneficiaries to receive distribution(s) from the Accounts after the death of Representative. Any person designated as a beneficiary shall be without rights or interests until following Representative's death, and then only in accordance with the Plan.

4.3 The Company shall have the right at any time to transfer its rights and delegate its obligations under the Plan to another entity.

4.4 Nothing in the Plan is intended to (a) limit in any way the right of Broker-Dealer to terminate Representative's independent contractor relationship with Broker-Dealer; or (b) otherwise create any employment relationship between the Representative and Broker-Dealer or the Company.

4.5 The Company may amend, modify or terminate this Agreement to the same extent that it may amend, modify or terminate the Plan.

4.6 This Agreement shall be binding upon and inure to the benefit of the Company and Broker-Dealer, their respective successors and assigns and Representative, his or her heirs, executors, administrators and legal representatives.

4.7 This Agreement and the Plan, and the related forms and agreements, express the entire Agreement of the parties, and all promises, representations, understandings, arrangements and prior agreements are merged herein and superseded hereby.

4.8 If any of the provisions of this Agreement should be held to be invalid, the remainder of this Agreement shall not be affected thereby.

4.9 This Agreement shall be governed by and construed in accordance with the laws of the state of California.

Section 5. Guarantee of AIG.

5.1 The Company's payment obligations under the Plan have been guaranteed in accordance with, and subject to the terms of, a Guarantee Agreement, dated as of January 1, 1999 (the "Guarantee"), of American International Group, Inc. ("AIG").

5.2 AIG has the right at any time to transfer its rights and delegate its obligations under the Guarantee to another entity.

IN WITNESS WHEREOF, the Company, Broker-Dealer and Representative have executed this Agreement as of the day and year first written above.

SAI DEFERRED COMPENSATION HOLDINGS, INC.

By: _____

"Broker-Dealer"

By: _____

Representative acknowledges having received a current prospectus for the Plan and for each of the Valuation Funds currently available and agrees to abide by all of the terms and conditions of the Plan.

REPRESENTATIVE:

Name: _____
(Please print)

Signature: _____

GUARANTEE AGREEMENT

GUARANTEE AGREEMENT, dated as of January 1, 1999 (the "Guarantee"), by American International Group, Inc., a Delaware corporation (the "Guarantor"), in favor of each registered representative (a "Party") participating in the Registered Representatives' Deferred Compensation Plan (as amended from time to time in accordance with its terms, the "Plan") of SAI Deferred Compensation Holdings, Inc., a Delaware corporation (the "Company").

1. Guarantee. For value received, the Guarantor unconditionally and irrevocably guarantees to each Party, its permitted successors and assigns under the Plan, the prompt payment when due of all present and future payment obligations and liabilities of all kinds of the Company to such Party arising under the Plan, whether incurred by the Company as maker, endorser, drawer, acceptor, guarantor, accommodation party or otherwise, and whether due or to become due, secured or unsecured, absolute or contingent, joint or several (the "Obligations").

2. Nature of Guarantee. The Guarantor's obligations hereunder with respect to any Obligation shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral for such Obligation. No Party shall be obligated to file any claim relating to the Obligations owing to it in the event that the Company becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of any party to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to any Party in respect to any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder in respect to such Obligations as if such payment had not been made. The Guarantor reserves the right to assert defenses which the Company may have to payment of any Obligation other than defenses arising from the bankruptcy or insolvency of the Company and other defenses expressly waived hereby.

3. Consents, Waivers and Renewals. The Guarantor agrees that a Party may at any time and from time to time,

either before or after the maturity thereof, without notice to or further consent of the Guarantor extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations owing to it, and may also make any agreement with the Company or with any other party to or person liable on any of the Obligations, or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between such Party and the Company or any of such other party or person, without in any way impairing or affecting this Guarantee. The Guarantor agrees that a Party may resort to the Guarantor for payment of any of the Obligations, whether or not the Party shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Obligations.

4. Expenses. The Guarantor agrees to pay on demand all out-of-pocket expenses (including the reasonable fees and expenses of its counsel) in any way relating to the enforcement or protection of the rights of a Party hereunder.

5. Subrogation. Upon payment of all the Obligations owing to any Party, the Guarantor shall be subrogated to the rights of such Party against the Company, and such Party agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. Enforcement by Parties. The Guarantor hereby acknowledges that the Parties are intended beneficiaries of the Guarantee who may enforce this Guarantee directly against the Guarantor.

7. Termination. This Guarantee may be terminated after 30 days notice given by the Guarantor to the Plan Administrator for the Plan; provided, however, that this Guarantee shall remain in full force and effect with respect to Obligations of the Company outstanding or contracted or committed for (whether or not outstanding) prior to the 30th day after notice of termination is given to the Plan Administrator for the Plan, or until such Obligations shall be finally and irrevocably paid in full.

8. Governing Law. This Guarantee shall be governed by and construed in accordance with the laws of the State of New York.

AMERICAN INTERNATIONAL GROUP, INC.

By:

Name: Edward E. Matthews
Title: Vice Chairman

By:

Name: Kathleen E. Shannon
Title: Secretary

[Letterhead of Sullivan & Cromwell]

March 10, 1999

SAI Deferred Compensation Holdings, Inc.,
70 Pine Street,
New York, New York 10270

Ladies and Gentlemen:

In connection with the registration under the Securities Act of 1933 (the "Act") of \$200,000,000 aggregate amount of deferred compensation obligations (the "Obligations") of SAI Deferred Compensation Holdings, Inc., a Delaware corporation (the "Company"), guaranteed as to payment by American International Group, Inc. (the "Guarantor"), we, as your counsel, have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion.

Upon the basis of such examination, we advise you that, in our opinion, when the Registration Statement has become effective under the Act, the Amended and Restated Registered Representatives' Deferred Compensation Plan, substantially in the form filed as an exhibit to the Registration Statement (the "Plan"), is duly authorized and approved by the Company and the Obligations are issued in accordance with the Plan as contemplated by the Registration Statement, the Obligations will constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

The foregoing opinion is limited to the Federal laws of the United States, the laws of the State of California and the General Corporation Law of the State of Delaware, and we are expressing no opinion as to the effect of the laws of any other jurisdiction.

We have relied as to certain matters on information obtained from public officials, officers of the Company and the Guarantor and other sources believed by us to be responsible.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us under the heading "Validity of the Securities" in the Prospectus. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/S/ Sullivan & Cromwell

[LETTERHEAD OF KATHLEEN E. SHANNON, VICE PRESIDENT AND ASSOCIATE GENERAL
COUNSEL OF AMERICAN INTERNATIONAL GROUP, INC.]

March 10, 1999

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

Ladies and Gentlemen:

In connection with the registration under the Securities Act of 1933 (the "Act") of \$200,000,000 aggregate amount of deferred compensation obligations (the "Obligations") of SAI Deferred Compensation Holdings, Inc., a Delaware corporation (the "Company"), and the related guarantee (the "Guarantee") of American International Group, Inc. (the "Guarantor"), I, as Vice President and Associate General Counsel of the Guarantor, have examined such corporate records, certificates and other documents, and such questions of law, as I have considered necessary or appropriate for the purposes of this opinion.

Upon the basis of such examination, I advise you that, in my opinion, when the Registration Statement has become effective under the Act, the Amended and Restated Registered Representatives' Deferred Compensation Plan, substantially in the form filed as an exhibit to the Registration Statement (the "Plan"), is duly authorized and approved by the Company, the Obligations are issued in accordance with the Plan and the Guarantee is issued by the Guarantor as contemplated by the Registration Statement, the Guarantee will constitute a valid and legally binding obligation of the Guarantor, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

The foregoing opinion is limited to the Federal laws of the United States, the laws of the State of New York and the General Corporation Law of the State of Delaware, and I am expressing no opinion as to the effect of the laws of any other jurisdiction.

I have relied as to certain matters on information obtained from public officials, officers of the Company and the Guarantor and other sources believed by me to be responsible.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to me under the heading "Validity of the Securities" in the Prospectus. In giving such consent, I do not thereby admit that I am in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/S/ Kathleen E. Shannon

Kathleen E. Shannon

[Letterhead of Sullivan & Cromwell]

March 10, 1999

SAI Deferred Compensation Holdings, Inc.,
70 Pine Street,
New York, New York 10270.

Ladies and Gentlemen:

As counsel to SAI Deferred Compensation Holdings, Inc., we hereby confirm to you our opinion as set forth under the heading "Certain Federal Income Tax Consequences" in the Prospectus which forms a part of the Registration Statement to which this opinion is filed as an exhibit, subject to the limitations set forth therein.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us under the heading "Certain Federal Income Tax Consequences" in the Prospectus. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933.

Very truly yours,

/s/ Sullivan & Cromwell

AMERICAN INTERNATIONAL GROUP, INC.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(IN THOUSANDS, EXCEPT RATIOS)

	NINE MONTHS ENDED SEPTEMBER 30,		YEARS ENDED DECEMBER 31,				
	1998	1997	1997	1996	1995	1994	1993
Income before income taxes, minority interest, and the cumulative effect of accounting changes for the year ended December 31, 1993	\$4,038,010	\$3,476,738					
Less -- Equity income of less than 50% owned persons	83,193	89,193					
Add -- Dividends from less than 50% owned persons	19,225	20,247					
	3,974,042	3,407,792					
Add -- Fixed charges	1,476,387	1,340,101					
Less -- Capitalized interest	47,062	35,586					
Income before income taxes, minority interest, the cumulative effect of accounting changes for the year ended December 31, 1993, and fixed charges	\$5,403,367	\$4,712,307					
Fixed charges:							
Interest costs	\$1,410,336	\$1,284,448					
Rental expenses*	66,051	55,653					
Total fixed charges	\$1,476,387	\$1,340,101					
Ratio of earnings to fixed charges	3.66	3.52					
Income before income taxes, minority interest, and the cumulative effect of accounting changes for the year ended December 31, 1993	\$4,730,824	\$4,056,448	\$3,502,200	\$2,981,636	\$2,628,019		
Less -- Equity income of less than 50% owned persons	119,696	121,347	91,444	54,091	43,966		
Add -- Dividends from less than 50% owned persons	29,978	13,431	6,515	4,660	4,349		
	4,641,106	3,948,532	3,417,271	2,932,205	2,588,402		
Add -- Fixed charges	1,834,054	1,614,703	1,483,752	1,404,633	1,213,487		
Less -- Capitalized interest	49,771	50,352	50,746	46,023	42,699		
Income before income taxes, minority interest, the cumulative effect of accounting changes for the year ended December 31, 1993, and fixed charges	\$6,425,389	\$5,512,883	\$4,850,277	\$4,290,815	\$3,759,190		
Fixed charges:							
Interest costs	\$1,753,854	\$1,541,670	\$1,411,886	\$1,335,300	\$1,146,654		
Rental expenses*	80,200	73,033	71,866	69,333	66,833		
Total fixed charges	\$1,834,054	\$1,614,703	\$1,483,752	\$1,404,633	\$1,213,487		
Ratio of earnings to fixed charges	3.50	3.41	3.27	3.05	3.10		

* The proportion deemed representative of the interest factor.

The ratios shown are significantly affected as a result of the inclusion of the fixed charges and operating results of AIG Financial Products Corp. and its subsidiaries (AIGFP). AIGFP structures borrowings through guaranteed investment agreements and engages in other complex financial transactions, including interest rate and currency swaps. In the course of its business, AIGFP enters into borrowings that are primarily used to purchase assets that yield rates greater than the rates on the borrowings with the intent of earning a profit on the spread and to finance the acquisition of securities utilized to hedge certain transactions. The pro forma ratios of earnings to fixed charges, excluding the effects of the operating results of AIGFP, are 5.86, 5.46, 5.44, 5.21, 4.81, 5.28 and 5.70, for the first nine months of 1998 and 1997, and the years ended 1997, 1996, 1995, 1994 and 1993, respectively. As AIGFP will continue to be a subsidiary, AIG expects that these ratios will continue to be lower than they would be if the fixed charges and operating results of AIGFP were not included therein.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 10, 1998, on our audits of the consolidated financial statements and financial statement schedules of American International Group, Inc. and subsidiaries as of December 31, 1997 and 1996, and for each of the three years in the period ended December 31, 1997, which report is included in the American International Group, Inc. Annual Report on Form 10-K. We also consent to the reference to our firm under the caption "Experts."

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

New York, New York
March 10, 1999