

ELIJAH E. CUMMINGS
7TH DISTRICT, MARYLAND

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE
CHAIRMAN, SUBCOMMITTEE ON COAST
GUARD AND MARITIME TRANSPORTATION
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
SUBCOMMITTEE ON RAILROADS,
PIPELINES AND HAZARDOUS MATERIALS

COMMITTEE ON
GOVERNMENT REFORM
SUBCOMMITTEE ON DOMESTIC POLICY
SUBCOMMITTEE ON FEDERAL WORKFORCE,
POST OFFICE AND THE DISTRICT OF COLUMBIA

COMMITTEE ON ARMED SERVICES
SUBCOMMITTEE ON READINESS

JOINT ECONOMIC COMMITTEE

SENIOR WHIP

Congress of the United States
House of Representatives
Washington, DC 20515

December 1, 2008

2235 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2007
(202) 225-4741
FAX: (202) 225-3178

DISTRICT OFFICES:
1010 PARK AVENUE
SUITE 105
BALTIMORE, MD 21201-5037
(410) 685-9199
FAX: (410) 685-9399

754 FREDERICK ROAD
CATONSVILLE, MD 21228-4504
(410) 719-8777
FAX: (410) 465-0110

8267 MAIN STREET
ROOM 102
ELLCOTT CITY, MD 21043-9903
(410) 465-8259
FAX: (410) 465-8740

www.house.gov/cummings

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

Dear Mr. Liddy:

I write today to request that American International Group (AIG) fully disclose to the public the extent of the payments being made to senior company executives under your employee "retention program." The limited information that is currently available to the public about this program is insufficient to constitute the level of disclosure that the American taxpayers, who have bailed out this firm repeatedly in recent weeks, have the right to expect.

In form 8-K dated September 22, 2008, and filed with the Securities and Exchange Commission (SEC), AIG disclosed the following: "On September 22, 2008, a retention program of American International Group, Inc. ("AIG") became effective. The program applies to approximately 130 executives and consists of cash awards payable 60 percent in December 2008 and 40 percent in December 2009."

AIG has recently indicated that it will not provide performance bonuses in 2008. However, in what appears to be a disingenuous "slight of hand," AIG has announced its intention to continue to provide the retention program payments (commonly known as retention bonuses) previously announced in September – albeit some executives have apparently opted to delay receipt of these payments (but not to forgo them). Thus, in form 8-K dated November 24, 2008, and filed with the SEC, AIG disclosed the following: "On November 24, 2008, the Executive Officers of American International Group, Inc. ("AIG") who participate in its previously disclosed retention program, including Chief Financial Officer David Herzog and Executive Vice President Jay Wintrob, volunteered to delay payments thereunder, with the first installment being delayed from December 2008 until April 2009 and the second installment being delayed from December 2009 until April 2010. Chairman and Chief Executive Officer Edward M. Liddy does not participate in this program."

Page 2

Mr. Edward M. Liddy

December 1, 2008

In September of this year (and several days prior to the SEC filing announcing the “retention program”), the U.S. taxpayers provided a bailout loan of \$85 billion to keep AIG afloat; in return, the federal government received an ownership stake in the firm. Subsequent actions increased the total size of the bailout to more than \$150 billion – and restructured some of the initial loans provided to the firm. Without taxpayer intervention, AIG would have ceased to exist and, to be blunt, all of its employees would have lost their jobs.

Against this background – and given the massive layoffs occurring at other major financial entities, such as Citibank – the American taxpayers have a right to know why senior executives at AIG, who are frankly lucky to still have jobs, need to receive additional bonus payments of any kind to retain them at AIG. To that end, I request that AIG disclose to the public the following information:

1. Which executives in which AIG divisions are receiving the retention payments – and how much is each executive receiving? What are the base salaries of the executives receiving the retention payments?
2. Are all executives delaying receipt of these payments until April 2009 – or, if any executive is not delaying receipt of the payments, which executive or executives is/are receiving payments in December 2008 and how much is each executive receiving?
3. Why is it necessary for any AIG executive to receive a retention payment – and why is it necessary that these be scheduled for April 2009 and April 2010?
4. What will be the source of the retention payments provided in 2009 and 2010?

AIG has previously claimed in correspondence to me that it is working “to create a transparent, accountable culture to regain the trust of the American people.” The disclosure of the information requested here will be a first step toward providing the kind of transparency that the American people have the right to expect from a private firm to which they have provided more than \$150 billion in financial assistance.

Sincerely,


Elijah E. Cummings
Member of Congress