

21ST CENTURY INSURANCE GROUP

Form 8-K

May 16, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **May 15, 2007**

**21ST CENTURY INSURANCE GROUP**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**0-6964**

(Commission File Number)

**95-1935264**

(IRS Employer Identification No.)

**6301 Owensmouth Avenue**

**Woodland Hills, California**

(Address of Principal Executive Offices)

**91367**

(Zip Code)

**(818) 704-3700**

(Registrant's Telephone Number, Including Area Code)

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N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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The foregoing summaries of the Agreement and the transactions contemplated thereby do not purport to be complete and are subject to, and qualified in their entirety by, the full text of the Agreement attached as Exhibit 2.1 hereto and incorporated herein by reference.

The Special Committee engaged Lehman Brothers Inc. ( Lehman Brothers ) to serve as its financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP to serve as its legal advisor. On May 14, 2007, Lehman Brothers delivered an opinion to the Special Committee that, as of the date of the opinion, from a financial point of view, the consideration to be offered to the stockholders of the Company other than AIG and its subsidiaries (the Minority Stockholders ) in the Merger is fair to such Minority Stockholders.

The Agreement, and the description thereof contained herein, has been included to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about the Company. The representations, warranties and covenants contained in the Agreement were made only for purposes of such agreement and as of specific dates, and may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the Agreement. The representations and warranties may have been made for the purposes of contractual risk between the parties to the Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures.

The Company has certain material commercial relationships with AIG and its affiliates. Additionally, certain members of the Board of Directors of the Company currently serve or have served as officers of AIG and its affiliates. These agreements and relationships with AIG and its affiliates, together with the relationships of certain directors of the Company to AIG and its affiliates are described under the captions CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE and BENEFICIAL OWNERSHIP OF SECURITIES BY MANAGEMENT, respectively, in the Company's Form 10-K/A statement filed with the Securities and Exchange Commission on April 26, 2007, which description is incorporated herein by reference.

Important Additional Information Regarding the Merger will be filed with the SEC

The Company, its directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the Merger. Information regarding the Company's directors and executive officers is available in 21st Century's Form 10-K/A for the year ended December 31, 2006, which was filed with the

Securities and Exchange Commission on April 26, 2007. Information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement, the Schedule 13E-3 transaction statement and other relevant materials to be filed with the Securities and Exchange Commission when they become available.

**Item 8.01 Other Events.**

On May 15, 2007, the Company issued a press release announcing the execution of the Agreement. The text of the press release, which is attached as Exhibit 99.1, is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

**Exhibit**

<b>No.</b>	<b>Description</b>
2.1	Agreement and Plan of Merger among 21st Century Insurance Group, American International Group, Inc. and AIG TW Corp., dated as of May 15, 2007.
99.1	21st Century Insurance Group Press Release, dated May 15, 2007.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 15, 2007

21ST CENTURY INSURANCE GROUP

By: /s/ Michael J. Cassanego  
Michael J. Cassanego  
Senior Vice President and  
General Counsel

**EXHIBIT INDEX**

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5

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