

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): August 16, 2009

AMERICAN INTERNATIONAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-8787

(Commission File Number)

13-2592361

(IRS Employer
Identification No.)

70 Pine Street
New York, New York 10270

(Address of principal executive offices)

Registrant's telephone number, including area code: **(212) 770-7000**

(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 13e4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 5 — Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 16, 2009, American International Group, Inc. (AIG) entered into an agreement with Robert H. Benmosche establishing his compensation as President and Chief Executive Officer of AIG.

Under the agreement, Mr. Benmosche will receive an annual salary of \$7 million, consisting of \$3 million in cash and \$4 million in fully-vested common stock of AIG. The after-tax shares granted to Mr. Benmosche will not be transferable for a period of five years except as AIG's Compensation and Management Resources Committee may approve in the case of death or disability.

In addition, Mr. Benmosche will be eligible to receive a performance-based, long-term incentive award of up to \$3.5 million each year (prorated for 2009) in the form of stock or phantom stock units in AIG. The amount and form will be determined in the discretion of the Compensation and Management Resources Committee based on its evaluation of Mr. Benmosche's performance and will be subject to vesting, transfer, and payout restrictions established by applicable Troubled Asset Relief Program (TARP) regulations. Mr. Benmosche will not be entitled to any severance on termination of his employment for any reason.

The Special Master for TARP Executive Compensation has expressed approval in principle regarding the structure and amount of Mr. Benmosche's compensation arrangements. The agreement between AIG and Mr. Benmosche has been submitted for review and approval as part of the process required by applicable TARP regulations.

A copy of the agreement between AIG and Mr. Benmosche is filed herewith as Exhibit 10.1 and is incorporated by reference herein.

Section 7 — Regulation FD

Item 7.01. Regulation FD Disclosure.

The Chairman and Chief Executive Officer Search Committee (Search Committee) of the Board of Directors of AIG, which held meetings on June 2, June 10, June 29, July 14, July 15 and July 21, 2009, considered and recommended to the Nominating and Corporate Governance Committee and the Board of Directors Mr. Benmosche for the positions of President, Chief Executive Officer and Director of AIG. During the months of June and July 2009, the members of the Search Committee and its advisors also met separately and in groups and in person and by telephone with Mr. Benmosche and other Chief Executive Officer candidates. The Nominating and Corporate Governance Committee of the Board of Directors met on August 3, 2009 to discuss Mr. Benmosche's candidacy. The Board of Directors met on July 30 and August 3, 2009 to consider the election of Mr. Benmosche as President, Chief Executive Officer and a Director of AIG and, on August 3, 2009, elected Mr. Benmosche to these positions. During this process, the Board, the Search Committee and the Nominating and Corporate Governance Committee conducted a thorough review of Mr. Benmosche's qualifications as well as those of other potential candidates, and also discussed, among other things, issues relating to Mr. Benmosche's interests in MetLife, Inc. On August 16, 2009, the Board of Directors adopted the Related Party Guidelines with Respect to Robert Benmosche's Interests in MetLife, Inc. (the Guidelines). A copy of the Guidelines is filed herewith as Exhibit 99.1 and is incorporated by reference herein.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 10.1 Letter agreement, dated August 16, 2009, between American International Group, Inc. and Robert Benmosche.

Exhibit 99.1 Related Party Guidelines with Respect to Robert Benmosche's Interests in MetLife, Inc., as adopted August 16, 2009.

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.

AMERICAN INTERNATIONAL GROUP, INC.
(Registrant)

Date: August 17, 2009

By: /s/ Kathleen E. Shannon
Name: Kathleen E. Shannon
Title: Senior Vice President and Secretary

August 16, 2009

Robert H. Benmosche

Dear Bob:

I am pleased to confirm the terms of your employment with American International Group, Inc.

1. *Effective Date.* August 10, 2009.
 2. *Position.* On the Effective Date, you will begin to serve as President and Chief Executive Officer of AIG. In that capacity, you will report directly (and only) to the Board of Directors and have all of the customary authorities, duties and responsibilities that accompany these positions.
 3. *Salary (Cash).* Your initial cash salary will be \$3,000,000 per year.
 4. *Salary (Stock).* In addition to your cash salary, you will be eligible to receive bi-monthly awards of stock or phantom stock units in AIG. These awards, which we refer to as stock salary, will be at an initial rate of \$4,000,000 per year and will be subject to the following additional terms:
 - Initially your stock salary will be in the form of shares of AIG. Subject to the approval of the Office of the Special Master for TARP Executive Compensation, AIG's Compensation and Management Resources Committee (in consultation with you) may change the specific form of stock salary from time to time;
 - Stock will be immediately vested when delivered, tax will be withheld by AIG in kind (unless otherwise directed by you) and remaining shares cannot be sold until the 5th anniversary of the Effective Date;
 - Phantom stock units will be immediately vested but will not be delivered until the 2nd anniversary of grant, and units will be settled in cash or stock at the election of the Committee (in consultation with you) and taxed on delivery and, in the case of stock delivered, may be subject to restrictions on transfer up to the 5th anniversary of the Effective Date at the Committee's discretion (phantom stock units will not be used without prior approval of the Office of the Special Master); and
 - The Committee will authorize early transferability of any stock salary you have received on death or disability.
-

AIG is in the process of developing the specifics of your stock salary for 2009, which will be retroactive to the Effective Date once finalized. AIG will make these stock awards to you pursuant to a more detailed award agreement, which will govern the awards.

5. *Annual Long-Term Award.* Each year you will be eligible to receive a long-term incentive award of up to \$3,500,000 in the form of stock or phantom stock units in AIG. The amount for 2009 will be prorated from the Effective Date. The Committee will determine the form and amount annually based on its performance assessment, subject to the following:
 - Stock or phantom stock units would vest on the 2nd anniversary of grant (the minimum time required by the applicable TARP Regulations) and will be subject to transfer/payout restrictions as required by the applicable TARP Regulations; and
 - To the extent permitted by the applicable TARP Regulations, awards will provide for early vesting on death or disability and early transferability on the same events.
6. *No Severance.* You will not participate in AIG's Executive Severance Plan or otherwise be entitled to any severance on termination of your employment for any reason.
7. *Benefits.* Subject to the limits of this letter and the applicable TARP Regulations, you will be entitled to benefits consistent with senior executives of AIG and reimbursement of reasonable business expenses, in each case in accordance with applicable AIG policies as in effect from time to time. In connection with your joining AIG, AIG will also promptly pay any reasonable legal fees incurred in connection with your review of this letter and the negotiations contemplated in Section 11.
8. *Executive Compensation Standards.* Any bonus or incentive compensation paid to you is subject to recovery or "clawback" by AIG if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria (all within the meaning of, and to the full extent necessary to comply with, the applicable TARP Regulations). In addition, you will not be entitled to any golden parachute payment or tax gross-up from AIG or its affiliates to the extent prohibited by the applicable TARP Regulations.

Your compensation will be subject to formal review and approval by the Office of the Special Master. In addition, as part of AIG's agreements with the U.S. Department of the Treasury, your compensation is subject to applicable regulations that may be issued and in effect from time to time. You may receive compensation from AIG only to the extent that it is consistent with those regulations.
9. *Indemnification and Cooperation.* During and after your employment, AIG will indemnify you in your capacity as a director, officer, employee or agent of AIG to the fullest extent permitted by applicable law and AIG's charter and by-laws, and will provide you with director and officer liability insurance

coverage (including post-termination/post-director service tail coverage) on the same basis as AIG's other executive officers. AIG agrees to cause any successor to all or substantially all of the business or assets (or both) of AIG to assume expressly in writing and to agree to perform all of the obligations of AIG in this paragraph.

You agree (whether during or after your employment with AIG) to reasonably cooperate with AIG in connection with any litigation or regulatory matter or with any government authority on any matter, in each case, pertaining to AIG and with respect to which you may have relevant knowledge, provided that, in connection with such cooperation, AIG will reimburse your reasonable expenses and you shall not be required to act against your own legal interests.

10. *Tax Matters.* To the extent any taxable expense reimbursement or in-kind benefits under Section 7 or Section 9 is subject to Section 409A of the Internal Revenue Code of 1986, the amount thereof eligible in one taxable year shall not affect the amount eligible for any other taxable year, in no event shall any expenses be reimbursed after the last day of the taxable year following the taxable year in which you incurred such expenses and in no event shall any right to reimbursement or receipt of in-kind benefits be subject to liquidation or exchange for another benefit. Each payment under this letter will be treated as a separate payment for purposes of Section 409A of the Code.
11. *Non-competition and non-solicitation.* In connection with your joining AIG, you agree to enter into non-competition arrangements (covering competing insurance business) and non-solicitation arrangement (covering senior AIG employees) with AIG. You and we agree to negotiate those arrangements reasonably and in good faith. Receipt of your stock salary is conditioned on your entering into those arrangements.

We look forward to your leadership.

Sincerely,

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Dennis D. Dammerman
Dennis D. Dammerman
Chairman, Compensation and Management Resources
Committee

I agree with and accept the foregoing terms.

/s/ Robert H. Benmosche
Robert H. Benmosche

**RELATED PARTY GUIDELINES
WITH RESPECT TO
ROBERT H. BENMOSCHE'S INTERESTS IN METLIFE, INC.
(Adopted August 16, 2009)**

The American International Group, Inc. (AIG) Board of Directors, including through the Chairman and Chief Executive Officer Search Committee and the Nominating and Corporate Governance Committee (collectively, the Board), has considered the potential conflicts of interest that might arise from the ownership of equity interests by Robert H. Benmosche, AIG President and Chief Executive Officer, in MetLife, Inc. (MetLife), consisting of approximately 500,000 shares of MetLife common stock and 2.1 million options on MetLife common stock at varying exercise prices and the continuing retirement payments that he receives from MetLife.

The Board has reviewed the nature of Mr. Benmosche's interests and concluded, in accordance with the AIG Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics, that Mr. Benmosche will be able to perform his duties as Chief Executive Officer of AIG objectively and effectively and that any potential conflict can be addressed by the implementation of the guidelines set forth below, which the Board has approved and which will ensure that Mr. Benmosche will not be inappropriately involved in any transaction with MetLife and which will address his role in any significant business decision involving MetLife.

In considering the potential conflict issues and the procedures necessary to address them, the Board received the advice and assistance of its counsel, Simpson Thacher & Bartlett LLP (Simpson). Such counsel advised that the Board should follow a process that included reviewing complete information concerning Mr. Benmosche's financial relationship with MetLife and considering all aspects of his relationship to MetLife, including the likelihood of decisions as CEO affecting the value and financial viability of MetLife and the relationship of his compensation and incentives at AIG to the value of his MetLife interests. Such counsel advised that the Board should determine, in accordance with the AIG Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics, that Mr. Benmosche's financial relationship with MetLife will not make it difficult for him to perform his duties objectively and effectively. Such counsel also advised that the Board should determine that Mr. Benmosche does not have confidentiality or other obligations to MetLife that would be violated by his service as AIG's CEO or impair his ability to function effectively. The process followed by the Board in reaching its decision reflects consideration of and is consistent with that advice. Simpson and AIG's counsel, Sullivan & Cromwell LLP, also advised as to the steps the Board should take to ensure that Mr. Benmosche is not inappropriately involved in any transaction between AIG and MetLife or any significant business decision involving MetLife. The guidelines set forth below reflect consideration of and are consistent with the advice of such counsel.

The Board, assisted by the professional search firm the Board employed to identify CEO candidates, took the following steps in reaching its conclusion. It reviewed Mr. Benmosche's financial relationship with MetLife and considered all aspects of his relationship to MetLife, including the likelihood that decisions by the AIG CEO could affect the value and

financial viability of MetLife and the relationship of Mr. Benmosche's compensation and incentives at AIG to the value of his MetLife interests.

The Board also was advised that Mr. Benmosche does not have confidentiality or other obligations to MetLife that would be violated by his service as AIG's CEO or impair his ability to function effectively.

The Board recognizes that it is highly beneficial for any AIG CEO to have experience in the insurance and/or financial services industries. Many candidates for CEO who have such experience will have worked for an AIG competitor and it would not be unusual for any such candidate to have significant equity holdings in (and retirement payments due from) an AIG competitor. Therefore, AIG would likely face a similar issue concerning potential conflicts with many qualified candidates and the guidelines put in place by the Board would be necessary for many candidates.

The Board determined after discussions with Mr. Benmosche that it would not be possible for AIG to replace the economic value of Mr. Benmosche's MetLife interests with cash or interests in AIG because under the Troubled Assets Relief Program (TARP) compensation regulations, certain "make whole" payments of that type are not permitted and because the dollar value of what AIG would have to provide to Mr. Benmosche would not be in the best interests of AIG's stakeholders and would be too great in light of the U.S. taxpayers' assistance to AIG. Given current market conditions, Mr. Benmosche also would likely be unable to sell or to realize appropriate value for certain of his interests, which include out-of-the-money options.

The executive search firm with whom the Board worked to identify candidates did extensive research on Mr. Benmosche's background and business history. The Board interviewed Mr. Benmosche at length and conducted additional due diligence on his business history. Based on that work, the Board concluded that Mr. Benmosche has a long-demonstrated record of success and would not accept the AIG CEO position unless he was committed to acting in the best interests of AIG at all times. The Board also concluded that Mr. Benmosche will have a strong reputational reason for making decisions in the best interests of AIG, in that his success or failure at AIG will be a matter of great public interest.

Further, the compensation structure for Mr. Benmosche that has been proposed to the Special Master for TARP Compensation provides Mr. Benmosche a strong financial incentive to act in AIG's best interests. If such compensation is approved, Mr. Benmosche will receive annually \$3 million in cash, \$4 million in AIG common stock as annual compensation and a long-term compensation package including up to \$3.5 million in AIG common stock, which long-term compensation award will be based on performance and in the discretion of the Board's Compensation and Management Resources Committee. Thus, a majority of Mr. Benmosche's compensation will be in the form of equity in AIG, with a significant part of that equity component payable only at the discretion of the Compensation and Management Resources Committee of the AIG Board. Those financial interests and the amount of value Mr. Benmosche will have at risk based on the Board's view of his performance are strong incentives that align his interests with those of AIG. If Mr. Benmosche were to act in a manner other than in AIG's best interests, his financial interests would suffer, he could be fired and he might not receive any of that discretionary payment.

After considering Mr. Benmosche's relationship with MetLife, as described above, the Board concluded that Mr. Benmosche's actions as AIG's CEO will have a more direct effect on AIG than on any of its individual competitors. Given the limited ability of the AIG CEO to directly affect the stock in any individual competitor, including MetLife, in any realistic scenario Mr. Benmosche's financial incentives will be aligned with those of AIG's stakeholders.

The Board has also determined that the guidelines adopted herein will ensure that Mr. Benmosche plays no inappropriate role in any AIG transaction or significant business decision involving MetLife. The Board has charged the other members of senior management with the responsibility to report directly to the Board any transaction or significant business decision that could present a potential real or apparent conflict of interest so that the Board can determine if that transaction or business decision should be subject to these guidelines.

Based on all of the foregoing, as discussed more fully at the Board meetings (including Committee meetings), the Board has concluded that Mr. Benmosche can execute his duties as AIG CEO objectively and effectively, and that the guidelines adopted are necessary and sufficient to address any potential conflict of interest arising from Mr. Benmosche's financial relationship with MetLife.

RELATED PARTY TRANSACTION GUIDELINES

1. Mr. Benmosche will not participate directly or indirectly in the negotiation or consideration of any transaction between AIG and MetLife or their respective subsidiaries, either in his capacity as Chief Executive Officer or as a director (except to the limited extent that may be provided in paragraph 6 below).
 2. The Board will form a Special Committee of at least three independent directors which shall be responsible for overseeing any such transaction and reviewing it in detail. The Special Committee shall have direct access to, and complete and open communication with, any management employee for purposes of evaluating the transaction and may obtain advice and assistance from internal legal, accounting and other advisors to assist it. The Special Committee shall approve the retention of any legal, accounting and other advisors to AIG in connection with any such transaction, and shall also have the right to retain its own legal and other advisors if it determines the same is appropriate. The Special Committee will advise the full Board of its recommendation with respect to any such transaction.
 3. For purposes of any such transaction:
 - The Special Committee shall appoint an executive officer or senior management employee as Chief Transaction Officer (CTO) who shall, under the direction and supervision of the Special Committee, be responsible for the negotiation and consideration of the transaction and for the formulation of a recommendation to the Special Committee.
-

- All AIG employees and external advisors to AIG who are involved in the transaction will act under the direction of the CTO, provided that any such persons shall report directly to the Special Committee at its request.
 - The CTO shall report directly to the Special Committee and not to Mr. Benmosche.
4. In addition to the approval by the Special Committee, the Nominating and Corporate Governance Committee must approve any such transaction based on the criteria set forth in AIG's Related Party Transaction Guidelines. The Nominating and Corporate Governance Committee shall be entitled to hire independent legal and other advisors to assist it in its review of any such transaction as provided in its charter.
 5. The Special Committee shall direct the CTO, and take such other actions as it deems appropriate, to implement appropriate information barriers to prevent the disclosure to Mr. Benmosche of material information regarding the terms and conditions of the transaction or the status thereof, subject to paragraph 6 below.
 6. Mr. Benmosche shall not participate in any Board vote on the transaction. The Board must conduct its deliberations on the transaction and vote to approve or reject the transaction without Mr. Benmosche present. If the Board and the Special Committee deem it appropriate, the Board may permit Mr. Benmosche to receive the same Board materials as other directors and to discuss his views regarding the transaction at a Board meeting as long as he shall not be present for the deliberations or vote as provided in the preceding sentence.
 7. The Board will ensure that in approving any such transaction it has received advice of other members of management and outside advisors sufficient to support its decision to approve or not approve the proposed transaction, which may in appropriate circumstances include a fairness opinion of an independent financial advisor.
 8. The compensation of the CTO will be subject to the review and approval of the Compensation and Management Resources Committee, which shall solicit the input of the Special Committee into any annual or other performance evaluation of the CTO.
 9. Consistent with AIG's codes of conduct, executive officers and management employees shall be instructed that they are authorized and obligated to report directly to the Board any material business decision, transaction or relationship involving or affecting MetLife or any of its subsidiaries that could reasonably be expected to give rise to an actual or potential conflict of interest on the part of Mr. Benmosche. Upon receipt of any such report, the Board shall determine whether such decision, transaction or relationship shall be subject to review and approval in accordance with the foregoing procedures.
-

10. Mr. Benmosche will inform the Board promptly of any material changes in the nature or scope of his interests in or relationships with MetLife.
11. Delaware counsel, counsel for AIG and counsel for the Board should provide advice that the process followed satisfies the Board's fiduciary responsibilities under Delaware law.