

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 December 21, 2009, American International Group, Inc. (“AIG”) received a final determination (the “Final Determination”) from the Office of the Special Master for TARP Executive Compensation. The Final Determination affects the compensation of AIG’s most highly compensated employees, including David L. Herzog and Kristian P. Moor, two of AIG’s named executive officers. At AIG’s request, the Final Determination permits stock salary to be paid in either AIG common stock (or stock units reflecting the value of AIG common stock) or in stock units reflecting the value of a “basket” of certain AIG subsidiaries (as originally provided for in the Initial Determination Memorandum previously disclosed on a Form 8-K, filed October 23, 2009). On December 24, 2009, AIG determined to use stock units reflecting the value of AIG’s common stock for 2009 stock salary grants, which will be cash-settled on the transferability date required by the Initial Determination Memorandum. A copy of the Final Determination is attached as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated into this Item 5.02 by reference.

Forms of award agreement for the stock salary and long-term incentive awards contemplated by the Initial Determination Memorandum (as modified by the Final Determination) for AIG’s applicable named executive officers are attached as Exhibits 10.2 and 10.3, respectively, to this Current Report on Form 8-K and are incorporated into this Item 5.02 by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 10.1 Final Determination, dated December 21, 2009, from the Office of the Special Master for TARP Executive Compensation to AIG.

Exhibit 10.2 Form of Stock Salary Award Agreement applicable to AIG’s senior executive officers and next 20 most highly compensated employees for 2009.

Exhibit 10.3 Form of 2009 TARP RSU Award Agreement applicable to AIG’s senior executive officers and next 20 most highly compensated employees for 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: December 31, 2009

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



December 21, 2009

Mr. Robert Benmosche
President and Chief Executive Officer
American International Group, Inc.
70 Pine Street
27th Floor
New York, NY 10270

**Re: *Reconsideration Request and Supplemental Determination Regarding 2009
Compensation Payments and Structures for Senior Executive Officers and Most Highly
Compensated Employees***

Dear Mr. Benmosche:

Pursuant to the Department of the Treasury's Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the "Rule"), on October 22, 2009, the Special Master issued an initial determination (the "Initial Determination") with respect to compensation payments for the senior executive officers and next 20 most highly compensated employees ("Top 25 Employees") of American International Group, Inc. ("AIG"). 31 C.F.R. § 30.16(a)(3)(i). Under the Rule, AIG is permitted, within 30 days of the issuance of the Initial Determination, to request that the Special Master reconsider that determination, provided that the request specified relevant new information not previously considered by the Special Master. *See id.* § 30.16(c)(1).

On November 20, 2009, AIG submitted a written request for reconsideration (the "Reconsideration Request") of the Initial Ruling with respect to one Top 25 Employee. AIG's prior submissions to the Office of the Special Master indicated that the Top 25 Employee would terminate employment with AIG during 2009, and the Initial Determination with respect to the Top 25 Employee reflected those submissions. The Reconsideration Request indicated, however, that the Top 25 Employee will remain in the employ of AIG. In light of that information, which was not previously considered by the Special Master, AIG requested that the Special Master reconsider the compensation payments approved in the Initial Determination for the Top 25 Employee.

Under the Rule, the Special Master must, upon receipt of a written request for reconsideration, provide a final determination setting forth the facts and analysis that formed the basis for the determination. *Id.* This letter sets forth the final determination of the Special Master in light of AIG's Reconsideration Request. In addition, this letter addresses certain other matters, including, as set forth below, certain technical corrections to the Initial Determination and to the Special Master's December 11, 2009 determination with respect to compensation structures for certain employees ("Covered Employees 26-100) not subject to the Initial Determination (the "Second Determination").

1. Reconsideration Request

AIG's previous submissions to the Office of the Special Master indicated that a specified Top 25 Employee (the "Specified Employee") intended to depart AIG prior to the end of 2009. Based on that information, the Special Master's Initial Determination approved compensation for the Specified Employee limited to a base salary of \$450,000, payable through the Specified Employee's departure date, and no further compensation for the remainder of 2009.

AIG's Reconsideration Request states that, rather than depart AIG prior to the end of 2009, the Specified Employee will remain in the employ of AIG. AIG has indicated that the employee is critical to AIG's long-term performance and stability, and that his continued employment by AIG will significantly aid AIG's ability to repay the taxpayer. In light of those facts, AIG's Reconsideration Request seeks approval of two additional types of compensation for the Specified Employee for 2009: (1) a *nunc pro tunc* grant of stock salary, with a grant-date value of \$3,258,333, and (2) an annual long-term incentive award, in an amount up to \$1,000,000 depending on the Specified Employee's achievement of objective performance metrics, to be granted in the form of "long-term restricted stock" as defined in the Rule (the "Proposed Structure").

The Rule requires that the Special Master determine for each Top 25 Employee whether the proposed compensation structure, including amounts payable or potentially payable under the compensation structure, "will or may result in payments that are inconsistent with the purposes of [S]ection 111 of EESA or TARP, or [is] otherwise contrary to the public interest." 31 C.F.R. § 30.16(a)(3) (the "Public Interest Standard"). The Rule requires that the Special Master consider six principles when making these compensation determinations. *Id.* § 30.16(b)(1).

The Special Master has reviewed the Reconsideration Request in detail by application of the principles set forth in the Rule. In particular, the Special Master's review has been guided by the principle that compensation structures should be "performance-based over a relevant performance period." *Id.* § 30.16(b)(1)(iv). The Initial Determination authorized no stock salary or annual long-term incentive award for the Specified Employee because AIG's submissions indicated that the Specified Employee would depart AIG. Under those circumstances, no performance-based pay was necessary to align the interests of the Specified Employee with those of AIG and taxpayers. However, in light of the fact that the Specified Employee will remain in the employ of AIG, it is appropriate to provide the Specified Employee with long-term incentives to ensure that the employee contributes to AIG's long-term success and, ultimately, AIG's ability to repay taxpayers.

Accordingly, the Special Master has determined that, in addition to the compensation approved for the Specified Employee in the Initial Determination, the Proposed Structure will not, by virtue of its structural design or the amounts potentially payable thereunder, result in payments inconsistent with the Public Interest Standard. In all other respects, the compensation structure for the Specified Employee must comply

with the terms of the Initial Determination, including requirements related to the transferability of salary stock and the grant of long-term incentives.

In addition, the Specified Employee shall remain subject to the requirement that “other” compensation and perquisites not exceed \$25,000, except where a satisfactory independent justification is provided in formal submissions to the Office of the Special Master. To date, no satisfactory justification with respect to the Specified Employee has been provided to the Office of the Special Master. Accordingly, to the extent that the “other” compensation and perquisites in excess of \$25,000 described in AIG’s submissions have been provided to the Specified Employee during 2009, in order to be consistent with the Public Interest Standard the compensation structure must provide for the reduction of amounts payable to the Specified Employee by any such excess, and such reduction may be subject to further review by the Office of the Special Master.

2. Technical Corrections

The Initial Determination requires that stock salary granted to Top 25 Employees may only be redeemed by the employee in three equal, annual installments beginning on the second anniversary of grant, with each installment redeemable one year early if AIG repays its TARP obligations. The determinations were intended to accelerate the sale of stock salary only if AIG repays its obligations to taxpayers. AIG’s obligations, however, include both TARP obligations and obligations to other federal institutions. Thus, the Second Determination requires that stock salary granted to Covered Employees 26 – 100 may only be redeemed by the employee in three equal, annual installments beginning on the second anniversary of grant, with each installment redeemable one year early if AIG repays its federal obligations. Accordingly, **Exhibit I** sets forth corrections to the Initial Determination that bring the requirements of the Initial Determination with respect to salary stock into conformity with the requirements of the Second Determination.

The Second Determination included the determinations of the Special Master with respect to amounts payable to Covered Employees 26 – 100 pursuant to certain expatriate arrangements. These arrangements are designed to make the employees whole for the costs of living overseas, at AIG’s request, in order to perform their duties. Those determinations were intended also to address payments pursuant to “tax equalization agreements,” as defined in the Rule; however, the Second Determination did not expressly address those arrangements. Accordingly, **Exhibit I** sets forth corrections to the Second Determination that clarify the determinations of the Special Master.

In addition, upon further review of AIG’s submissions, it has come to the attention of the Office of the Special Master that one Top 25 Employee is also subject to expatriate arrangements. These arrangements were not expressly addressed in the Initial Determination. Accordingly, **Exhibit I** sets forth corrections to the Initial Determination that address payments pursuant to expatriate arrangements for that Top 25 Employee.

3. **Additional Determinations**

Following the Initial Determination, AIG requested approval to alter the terms of the “stock salary” that may be granted to Top 25 Employees. The Initial Determination requires that any such “stock salary” be granted in the form of stock units reflecting the value of a “basket” of four particularly critical AIG insurance subsidiaries: American International Assurance Co. Ltd., American Life Insurance Co., Chartis, and AIG Domestic Life & Retirement Services Group. AIG has requested that such “stock salary,” in appropriate cases, now be granted in the form of vested common stock (or stock units reflecting the value of common stock) of AIG rather than the “basket.”

The Special Master has reviewed this request in light of the principles set forth in the Rule. In particular, the Special Master’s review has been guided by the principle that compensation structures should be “performance-based over a relevant performance period.” *Id.* § 30.16(b)(1)(iv). Providing Top 25 Employees with stock salary in the form of common stock will provide those employees with incentives to maximize the value of AIG and, therefore, its ability to repay the taxpayer. Accordingly, the Special Master has determined that, for purposes of the Initial Determination, “stock salary” may include vested common stock (or stock units reflecting the value of common stock) of AIG, and that compensation structures for Top 25 Employees pursuant to the foregoing will not, by virtue of their structural design or the amounts potentially payable thereunder, result in payments inconsistent with the Public Interest Standard.

The conclusions reached herein are limited to the authority vested in me by Section 30.16(a)(3) of the Rule, and shall not constitute, or be construed to constitute, the judgment of the Office of the Special Master or the Department of the Treasury with respect to the compliance of the proposed compensation structure or any other compensation structure for the subject employee with any other provision of the Rule. Moreover, my evaluation and conclusions have relied upon, and are qualified in their entirety by, the accuracy of the materials submitted by AIG to the Office of the Special Master, including without limitation the Reconsideration Request, and the absence of any material misstatement or omission in such materials.

Very truly yours,

/s/ Kenneth R. Feinberg
Kenneth R. Feinberg
Office of the Special Master
for TARP Executive Compensation

cc: Anastasia D. Kelly, Esquire
Marc R. Trevino, Esquire

EXHIBIT I
AIG 2009 COMPENSATION DETERMINATIONS
TECHNICAL CORRECTIONS

1. In Part IV.B.1.b. (on page A9) of the Initial Determination, the second sentence of the second paragraph is restated in its entirety as follows:

“Instead, stock salary may only be redeemable in three equal, annual installments beginning on the second anniversary of grant, with each installment redeemable one year early if AIG repays its federal obligations.”

2. In Part IV.B.3. (on page A9) of the Second Determination, footnote 4 is restated in its entirety as follows:

“AIG has identified Covered Employees subject to expatriate arrangements providing for the payment of certain “other” compensation in excess of this limitation. These arrangements are designed to make the employees whole for the costs of living overseas, at AIG’s request, in order to perform their duties. The Special Master has reviewed these arrangements and has concluded that such payments, not to exceed \$350,000 per employee (except in exceptional cases for good cause shown), are consistent with the Public Interest Standard, and that such payments may be disregarded for purposes of determining whether a Covered Employee’s compensation structure meets the requirements of the Public Interest Standard as set forth in this Part IV.B. In addition, the Special Master has concluded that payments to these employees pursuant to “tax equalization agreements,” as defined in the Rule, are consistent with the Public Interest Standard, and may be disregarded for purposes of determining whether a Covered Employee’s compensation structure meets the requirements of the Public Interest Standard as set forth in this Part IV.B.”

3. In Part IV.B.1.d. (on page A10) of the Initial Determination, a footnote is added at the end of the last sentence of that Part, reading as follows:

“AIG has, however, identified one employee subject to an expatriate arrangement providing for the payment of certain “other” compensation in excess of this limitation. These arrangements are designed to make the employees whole for the costs of living overseas, at AIG’s request, in order to perform their duties. The Special Master has reviewed these arrangements and has concluded that such payments, not to exceed \$350,000, in addition to payments to these employees pursuant to “tax equalization agreements,” as defined in the Rule, are consistent with the Public Interest Standard.”

AMERICAN INTERNATIONAL GROUP, INC.

Stock Salary Award Agreement

AIG is awarding you a regular, periodic grant of restricted stock units (“RSUs”) at the initial rate set forth on Schedule A (your “**Annual Stock Salary**”). This Award Agreement sets forth the terms and conditions of your Annual Stock Salary.

1. **Defined Terms.** Capitalized terms used but not defined in this Award Agreement have the meanings given in the Glossary of Terms.

2. **Periodic Grant of RSUs.**

(a) Beginning on the date of this Award Agreement, your Annual Stock Salary will accrue and be earned equally over the course of the year, subject to your continued Employment. Your Annual Stock Salary may be changed from time to time by the Committee, including to increase, decrease or terminate your Annual Stock Salary. Your Annual Stock Salary will be given retroactive effect to January 1, 2009.

(b) On each Grant Date you will be issued RSUs equal to (1) the amount of your Annual Stock Salary earned over the relevant payroll period, net of any applicable tax withholdings and deductions (e.g., FICA and FUTA) pursuant to Paragraph 6(a), *divided by* (2) the Fair Market Value of one share of Common Stock on the Grant Date, rounded down to the nearest whole share.

(c) For any Grant Date that would have occurred during the period beginning on January 1, 2009 and the date of this Award Agreement, you are being issued RSUs on the date of this Award Agreement determined on the basis of the Fair Market Value of one share of Common Stock on the date of this Award Agreement.

3. **Vesting and Settlement.**

(a) Each RSU constitutes an unfunded and unsecured promise to pay the Fair Market Value of one share of Common Stock on the applicable Redemption Date. RSU's will be payable solely in cash and, as a holder of RSUs, you will have only the rights of a general unsecured creditor and no rights as a shareholder of AIG.

(b) RSUs granted pursuant to the Award shall be immediately vested on the applicable Grant Date.

(c) Following the Redemption Date of any RSU, AIG shall pay you the Fair Market Value of the share of Common Stock, net of any applicable tax withholding and deductions pursuant to Paragraph 6(a). In addition, except to the extent reflected in any adjustment pursuant to Paragraph 10, AIG will pay you the Fair Market Value on the Redemption Date of any dividend or distribution in

respect of the underlying share of Common Stock with a record date that occurred on or after the close of business on the Grant Date and before the Redemption Date, net of any applicable tax withholding and deductions pursuant to Paragraph 6(a). Payments of amounts owed under this Section 3(c) will be made on the next immediately following payroll date that is at least one week after the applicable Redemption Date.

4. Termination. Your rights in respect of future grants under this Award shall immediately terminate if at any time your Employment with the Company terminates for any reason, except that you shall be entitled to receive a final grant of RSUs determined in accordance with Paragraph 2 for any portion of your Annual Stock Salary that you had accrued through the date of your termination of Employment but had not yet been granted.

5. Nonassignability; No Hedging; Successor Entity.

(a) Neither this Award nor any rights and obligations under this Award Agreement may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of or hedged in any manner (including through the use of any cash-settled instrument), whether voluntarily or involuntarily and whether by operation of law or otherwise, other than by will or by the laws of descent and distribution. Any sale, exchange, transfer, assignment, pledge, hypothecation or other disposition in violation of this Section 5 will be null and void and any RSU that is hedged in any manner will immediately be forfeited. All of the terms and conditions of this Award Agreement will be binding upon any permitted successors and assigns.

(b) Unless otherwise determined by the Committee, in the event of a merger, consolidation, mandatory share exchange or other similar business combination of AIG with or into any other entity ("**Successor Entity**") or any transaction in which another person or entity acquires all of the issued and outstanding Common Stock of AIG, or all or substantially all of the assets of AIG, this Award may be assumed or a substantially equivalent award may be substituted by such successor entity or a parent or subsidiary of such successor entity.

6. Withholding.

(a) The Company will satisfy applicable tax withholdings and make applicable deductions in respect of Annual Stock Salary earned by you over a payroll period and issue RSUs pursuant to Paragraph 2(b) in respect of the remainder. On each Redemption Date, AIG will satisfy any additional tax withholdings and make applicable deductions in respect of the amount to be paid to you and make payment to you pursuant to Section 3(c) in respect of the remainder.

(b) In all cases, you shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes) and penalties, and any interest that accrues thereon, that may be incurred in connection with the Award and/or settlement of the RSUs.

7. No Rights to Continued Employment. Nothing in this Award Agreement shall be construed as giving you any right to continued Employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your Employment.

8. No Increase in Severance. Neither your Annual Stock Salary nor amounts you receive pursuant to this Award Agreement will increase the amounts payable to you pursuant to AIG's severance plans and arrangements.

9. Offset. AIG has the right to offset against its obligation to pay cash under this Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any awards, or amounts repayable to AIG pursuant to tax equalization, housing, automobile or other employee programs) that you then owe to AIG and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement.

10. Adjustment. The Committee shall adjust equitably the terms of this Award to preserve the benefits or potential benefits intended to be made available to you for any increase or decrease in the number of issued shares of Common Stock resulting from a recapitalization, spin-off, split-off, stock split, stock dividend, combination or exchange of shares of Common Stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG. Notwithstanding the foregoing, the Committee may, in its sole discretion, decline to adjust the terms of this Award if it determines that such adjustment would violate applicable law or result in adverse tax consequences to you or to AIG.

11. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "NYSE") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This paragraph is subject to the provisions of Paragraphs 11(b) and (c) below.

(b) THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 11(a) OF THIS AWARD AGREEMENT. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 11(b) has a reasonable relation to this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein

shall preclude the Company from bringing any action, suit or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 11.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, suit or proceeding, and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 11(b). You and the Company undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 11. You and (subject to the last sentence of Paragraph 11(b)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of AIG as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning the Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 11(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning, this Award Agreement and any dispute, controversy or claim relating to this Award Agreement, except that you may disclose information concerning such dispute or claim to the arbitrator or court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement, any interpretation, determination, action or omission hereunder by the Committee, or any amendment to this Award Agreement and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with the Company.

12. Section 409A.

(a) RSUs awarded under this Award Agreement are intended to be “deferred compensation” subject to Section 409A, and this Award Agreement is intended to, and shall be interpreted, administered and construed to, comply with Section 409A with respect to the RSUs. The Committee shall have full authority to give effect to the intent of this Paragraph 12(a).

(b) Each payment under the RSUs shall be treated as a separate payment for purposes of Section 409A.

13. Amendment; Committee Discretion. The Committee may at any time amend the terms and conditions set forth in this Award Agreement; *provided* that, notwithstanding the foregoing, no such amendment shall materially adversely affect your rights and obligations under this Award Agreement with respect to amounts that you have already earned and accrued without your prior written consent (or the consent of your estate, if such consent is obtained after your death). Any amendment of this Award Agreement shall be in writing signed by an authorized member of the Committee or a person or persons designated by the Committee. Subject to the other provisions of this Paragraph 13, the Committee shall have full discretion with respect to the interpretation of this Award Agreement and any actions to be taken or determinations to be made in connection with this Award Agreement, and its interpretations, actions and determinations shall be final, binding and conclusive.

14. Governing Law. **THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.**

15. TARP Restrictions. Payment under this Award Agreement is subject to applicable regulations issued by the U.S. Department of the Treasury and applicable requirements of agreements between AIG and the U.S. government, as the same are in effect from time to time. You may receive compensation under this Award Agreement only to the extent that it is consistent with those regulations and requirements. Without limiting the generality of the foregoing, this Award Agreement is intended constitute stock salary that complies with the Determination Letter and shall be interpreted in all respects to so comply.

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be duly executed and delivered as of _____, 20__.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____

By: _____

[Applicable to Top 25]
Schedule A

Recipient:

Annual Stock Salary \$• per year

Redemption Dates:

<u>Tranche</u>	<u>Amount of Tranche</u>	<u>Redemption Date</u>
1	One-third of total	Second anniversary of Grant Date
2	One-third of total	Third anniversary of Grant Date
3	One-third of total	Fourth anniversary of Grant Date

In accordance with the Determination Letter and to the extent permitted by IRS Notice 2009-92, each Redemption Date shall be accelerated by one year if AIG's federal obligations are repaid.

[Applicable to Top 100]
Schedule A

Recipient:

Total Annual Stock Salary: \$• per year

Redemption Dates:

<u>Tranche</u>	<u>Amount of Tranche</u>	<u>Redemption Date</u>
1		First anniversary of Grant Date
2		Third anniversary of Grant Date

Glossary of Terms

The following terms shall have the meanings set forth below.

“**AIG**” or the “**Company**” means American International Group, Inc.

“**Award**” means the award of Annual Stock Salary pursuant to this Award Agreement.

“**Award Agreement**” means the award agreement to which this Glossary of Terms is attached, as it may be amended, supplemented or replaced from time to time.

“**Committee**” means the Compensation and Management Resources Committee of the Board of Directors of AIG, including any substitute or successor committee .

“**Common Stock**” means the common stock of AIG, par value \$2.50 per share, and any other securities or property issued in exchange therefor or in lieu thereof.

“**Determination Letter**” means the [December 11, 2009 Determination Letter issued with respect to AIG under 31 C.F.R. § 30.16(a)(3)(ii)] [October 22, 2009 Determination Letter issued with respect to AIG under 31 C.F.R. § 30.16(a)(3)].

“**Employment**” means your performance of services for AIG, as an employee of AIG, as determined by the Committee.

“**Fair Market Value**” means, with respect to a share of Common Stock on any day, the closing price of a share of Common Stock on the New York Stock Exchange on that day (or, if the New York Stock Exchange is closed on that day, on the next following day on which the Common Stock is traded on that Exchange). If the Common Stock ceases to be listed or traded in the regular way on the New York Stock Exchange, the Fair Market Value Stock shall be determined by a methodology approved by the Committee.

“**Grant Date**” means each date that your base salary with the Company is payable in accordance with the Company’s payroll practices then in effect.

“**Redemption Date**” means each redemption date set forth in Schedule A.

AMERICAN INTERNATIONAL GROUP, INC.
2009 TARP RSU AWARD AGREEMENT

The Compensation and Management Resources Committee of the Board of Directors of AIG, including any substitute or successor thereto (the "**Committee**"), has awarded you TARP Restricted Stock Units ("**RSUs**"), based on the Committee's assessment of your performance. This award agreement (this "**Award Agreement**") sets forth the terms and conditions of your award (this "**Award**").

1. **Status of Award; Defined Terms.** This Award is being provided to you as an employee subject to the Determination Memorandum of the Special Master, dated as of October 22, 2009 (the Determination"). To comply with the Determination and with certain requirements in the applicable to you under the TARP Standards for Compensation and Corporate Governance, Interim Final Rule, 31 C.F.R. Part 30 (the "Rule"), the Award is intended to be a grant of "long-term restricted stock" as defined in the Rule. The Award shall be interpreted in accordance with these intentions. Capitalized terms used but not otherwise defined in this Award Agreement have the meanings given in the attached Glossary of Terms.

2. **Award.** The number of RSUs subject to this Award is set forth at the end of this Award Agreement. Each RSU constitutes an unfunded and unsecured promise of AIG to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, cash equal to the Fair Market Value of one share of Common Stock on the Payout Date as provided herein.

3. **Vesting; Payout.**

(a) **Vesting.** Except as provided in this Paragraph 3 and in Paragraphs 4, 5, 6 and 7, you shall become vested in the RSUs on the third anniversary of the Date of Grant specified at the end of this Award Agreement (the "**Scheduled Vesting Date**"). Except as provided in this Paragraph 3 and Paragraph 6, if your Employment terminates for any reason prior to the Scheduled Vesting Date, your rights in respect of all of your RSUs shall terminate, and no cash shall be paid in respect of such RSUs.

(b) **Payment Dates.** Subject to Paragraph 8, the RSUs shall not be payable prior to the Scheduled Vesting Date. Once vested, the RSUs shall become payable on the first date at which:

(i) With respect to 25% of the RSUs, AIG has repaid at least of 25% of the aggregate financial assistance received under the Troubled Asset Relief Program ("**TARP**");

(ii) With respect to an additional 25% of the RSUs (for an aggregate total of 50% of the RSUs), AIG has repaid at least 50% of the aggregate financial assistance received under TARP;

(iii) With respect to an additional 25% of the RSUs (for an aggregate total of 75% of the RSUs), AIG has repaid 75% of the aggregate financial assistance received under TARP; and

(iv) With respect to the remainder of the RSUs, AIG has repaid 100% of the aggregate financial assistance received under the TARP (such date and the payment dates set forth in clauses (i), (ii) and (iii) of this Paragraph 3(b), each a "**Payout Date**").

(c) Payout. Except as provided in this Paragraph 3 and in Paragraphs 4, 5, 7, 8 and 9, the RSUs shall be paid on or promptly following the Payout Date, and in any case within 30 days of the Payout Date.

(d) Death. Notwithstanding any other provision of this Award Agreement, if you die, the condition set forth in Paragraph 3(a) shall be waived with respect to your then-unvested RSUs (such that any then-unvested outstanding RSUs shall vest) and the cash corresponding to your outstanding RSUs shall be paid to the representative of your estate promptly after the later of your death and the Payout Date.

(e) Delay of Payment. The Committee may, in its sole discretion, defer payment of RSUs or permit you to elect to defer payment of RSUs, in each case in a manner that conforms to the requirements of Section 409A(a)(4) of the Code.

4. Termination of RSUs.

(a) Except as provided in Paragraphs 3(d) and 6, your rights in respect of your outstanding unvested RSUs shall immediately terminate, and no cash shall be paid in respect of such unvested RSUs, if at any time prior to the Scheduled Vesting Date your Employment with AIG terminates for any reason, or you are otherwise no longer actively Employed by AIG.

(b) Unless the Committee determines otherwise, and except as further provided in Paragraph 5, your rights in respect of all of your RSUs (whether or not vested) shall immediately terminate, and no cash shall be paid in respect of such RSUs, if at any time prior to the Payout Date:

(i) you attempt to have any dispute under this Award Agreement or the Plan resolved in any manner that is not provided for by Paragraph 15; or

(ii) any event that constitutes Cause has occurred; or

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with AIG or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between AIG and any such Client or (C) Solicit any person who is an employee of AIG to resign from AIG or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to AIG, in accordance with procedures established by the Committee, that you have complied, or the Committee determines that you have failed to comply, with all of the terms and conditions of this Award Agreement as of the Payout Date. By accepting the

payment of cash under this Award Agreement, you shall be deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.

(c) Unless the Committee determines otherwise, if the Payout Date in respect of any of your outstanding RSUs occurs and you have not complied with the conditions or your obligations under Paragraph 4(b)(iv), all of your rights with respect to your outstanding RSUs shall terminate immediately.

5. Repayment and Clawback.

(a) If, following the payment of cash, the Committee determines that all terms and conditions of this Award Agreement in respect of such payment were not satisfied, AIG shall be entitled to receive, and you shall be obligated to pay AIG immediately upon demand therefor, the amount of cash paid with respect to the Payout Date, net of any taxes withheld.

(b) If AIG determines that this Award or any payment made pursuant to this Award was based on materially inaccurate financial statements (which includes, but is not limited to, statements of earnings, revenues or gains) or any other materially inaccurate performance metric criteria, then (i) the RSUs shall be forfeited or, and (ii) following payment of the RSUs, AIG shall be entitled to receive, and you shall be obligated to repay AIG immediately upon demand therefor, the amount of cash paid with respect to the Payout Date. The repayment described in clause (ii) of this Paragraph 5(b) shall be net of any taxes withheld on the original payment to you, except to the extent that a greater payment is required by the Rule or the Determination. AIG will determine whether a financial statement or other performance metric criteria is materially inaccurate in accordance with the standards set forth in § 30.8 of the Rule, or any similar or successor provision applicable to AIG and in effect from time to time.

6. Disability.

(a) Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 5(b), if you become subject to Disability, the condition set forth in Paragraph 3(a) shall be waived with respect to your then outstanding unvested RSUs (such that any then-unvested outstanding RSUs shall vest) and the cash corresponding to your outstanding RSUs shall be paid to you promptly after the later of the date you become subject to Disability and the Payout Date, but all other conditions of this Award Agreement shall continue to apply.

(b) Without limiting the application of Paragraph 3(b) or Paragraph 3(c), your rights in respect of any outstanding RSUs that become vested solely by reason of Paragraph 6(a) shall terminate, and no cash shall be paid in respect of such outstanding RSUs if, following your becoming subject to Disability and prior to the payment of cash in respect of such outstanding RSUs, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, this Award (or any rights and obligations hereunder) may not be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of or hedged in any manner (including through the use of any cash-settled instrument), whether voluntarily or involuntarily and whether by operation of law or otherwise, other than by will or by the laws of descent and distribution. Any sale, exchange, transfer, assignment, pledge, hypothecation, or other disposition in violation of this Paragraph 7 will be null and void and if this Award is hedged in any manner it will immediately be forfeited. All of the terms and conditions of this Award Agreement will be binding upon any permitted successors and assigns.

8. Withholding, Consents, Other Limits and Legends.

(a) You shall be solely responsible for any applicable taxes (including, without limitation, income and excise taxes) and penalties, and any interest that accrues thereon, incurred in connection with your Award. Unless you otherwise direct, AIG will satisfy applicable tax withholdings and make applicable deductions in respect of your Award and pay cash pursuant to Paragraph 3(c) in respect of the remainder. In the alternative, you may remit cash to AIG (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of AIG to satisfy such withholding obligation.

(b) With respect to any Federal Insurance Contributions Act (FICA) tax or other employment taxes that may be due in respect of your Award, AIG may accelerate the payout of RSUs under this Award Agreement in order to satisfy such taxes.

(c) Your right to receive cash pursuant to the Award is conditioned on the receipt to the reasonable satisfaction of the Committee of any required Consent that the Committee may reasonably determine to be necessary or advisable.

(d) No Award granted under this Award Agreement will increase the amounts payable to you pursuant to AIG's severance plans and arrangements.

9. Section 409A. The RSUs are intended to be paid on or promptly following the first date on which payment is permissible under both the Determination and the provisions of the Rule regarding "long-term restricted stock", and therefore to be exempt from Section 409A under the guidance provided in the Rule and in IRS Notice 2009-92 (the "**Guidance**").

10. No Rights to Continued Employment. Nothing in this Award Agreement shall be construed as giving you any right to continued Employment by AIG or affect any right that AIG may have to terminate or alter the terms and conditions of your Employment.

11. Successors and Assigns of AIG. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, AIG and its successor entities.

12. Committee Discretion. Subject to Paragraph 13, the Committee shall have full discretion with respect to the interpretation of this Award Agreement and any actions to be taken or determinations to be made in connection with this Award Agreement (including, without limitation, whether you have become subject to Disability), and its interpretations, actions and determinations shall be final, binding and conclusive.

13. Amendment. The Committee reserves the right at any time to amend the terms and conditions set forth in this Award Agreement; *provided* that, notwithstanding the foregoing, no such amendment shall materially adversely affect your rights and obligations under this Award Agreement without your consent (or the consent of your estate, if such consent is obtained after your death), and *provided, further*, that the Committee may not accelerate or postpone the payment of the cash due in respect of RSUs to occur at a time other than the applicable time provided for in this Award Agreement or in accordance with Paragraph 9. Any amendment of this Award Agreement shall be in writing signed by an authorized member of the Committee or a person or persons designated by the Committee.

14. Adjustment. Subject to Paragraph 13, the Committee shall, in its sole discretion, equitably adjust the terms of this Award to preserve the benefits or potential benefits intended to be made available to you for any increase or decrease in the number of issued shares of Common Stock resulting from a recapitalization, spin-off, split-off, stock split, stock dividend, combination or exchange of shares of Common Stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG. Notwithstanding the foregoing, the Committee may, in its sole discretion, decline to adjust the terms of this Award if it determines that such adjustment would violate applicable law or result in adverse tax consequences to you or to AIG.

15. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between AIG and you, arising out of or relating to or concerning this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the “*NYSE*”) or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the “*AAA*”) in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

(b) **AIG AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT.** This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. AIG and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to this Award Agreement and to your relationship with AIG.

Notwithstanding the foregoing, nothing herein shall preclude AIG from bringing any action, suit or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and AIG as to forum is independent of the law that may be applied in the action, suit or proceeding and you and AIG agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and AIG hereby waive, to the fullest extent permitted by applicable law, any objection which you or AIG now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and AIG undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(b)) AIG agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and AIG.

(d) You irrevocably appoint the Secretary of AIG as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Paragraph 15, except that you may disclose information concerning such dispute to the arbitrator or court that is considering such dispute or to your legal counsel (*provided* that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement, any determination, action or omission hereunder by the Committee, or any amendment to this Award Agreement (other than an amendment to which your consent is expressly required by Paragraph 13) and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with AIG.

16. Governing Law. THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

17. TARP Restrictions. Payments under this Award Agreement are subject to applicable regulations issued by the U.S. Department of the Treasury and applicable requirements of agreements between AIG and the U.S. government, as the same are in effect from time to time. You may receive compensation under this Award Agreement only to the extent that it is consistent with those regulations and requirements.

18. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

IN WITNESS WHEREOF, AMERICAN INTERNATIONAL GROUP, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

AMERICAN INTERNATIONAL GROUP, INC.

By: _____

By: _____

Recipient: _____

Number of RSUs: _____

Date of Grant: _____

Scheduled Vesting Date: _____

Receipt
Acknowledged: _____

Address: _____
Street

City, State Zip Code

Social Security No./Local I.D. No.

Glossary of Terms

Solely for purposes of this award of RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the Award Agreement.

“**AIG**” means American International Group, Inc. (or a successor entity thereof) and its consolidated subsidiaries.

“**Cause**” means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Securities Exchange Act of 1934); (iii) your failure to perform your duties to AIG; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which AIG or any of its subsidiaries or affiliates is a member; (v) your violation of any AIG policy concerning hedging or confidential or proprietary information, or your material violation of any other AIG policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of AIG; or (vii) your engaging in any conduct detrimental to AIG. The determination as to whether “**Cause**” has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences of the existence or occurrence of any of the events, acts or omissions constituting “**Cause**.”

“**Client**” means any client or prospective client of AIG to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or Employment by AIG.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, or any successor thereto, and the applicable rulings and regulations thereunder.

“**Common Stock**” means the common stock of AIG, par value \$2.50 per share, and any other securities or property issued in exchange therefor or in lieu thereof.

“**Competitive Enterprise**” means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity, that, in either case, competes anywhere with any activity in which AIG is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities and financial services in the United States and abroad.

“**Consent**” means, with respect to issuance of cash or any other action pursuant to this Award Agreement, (a) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal,

state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (b) any other matter that the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (c) any and all other consents, clearances and approvals in respect of the action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (d) any and all consents or other documentation required by the Committee.

“Disability” means a period of medically determined physical or mental impairment that is expected to result in death or last for a period of not less than 12 months during which you qualify for income replacement benefits under AIG’s long-term disability plan for at least three months, or, if you do not participate in such a plan, a period of disability during which you are unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

“Employment” means your performance of services for AIG, as an employee of AIG, as determined by the Committee.

“Fair Market Value” means, with respect to a share of Common Stock on any day, the closing price of a share of Common Stock on the New York Stock Exchange on that day (or, if the New York Stock Exchange is closed on that day, on the next following day on which the Common Stock is traded on that Exchange). If the Common Stock ceases to be listed or traded in the regular way on the New York Stock Exchange, the Fair Market Value of Common Stock shall be determined by a methodology approved by the Committee.

“Section 409A” means Section 409A of the Code, including any amendments or successor provisions to that section, and any regulations and other administrative guidance thereunder, in each case as they may be from time to time amended or interpreted through further administrative guidance.

“Solicit” means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.