
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): November 21, 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.

American International Group, Inc. (“AIG”) has implemented changes to the compensation of its Chief Financial Officer, David L. Herzog, and two named executive officers, Kristian P. Moor and Win J. Neuger. The changes were required by the Determination Memorandum issued by the Office of the Special Master for TARP Executive Compensation, previously disclosed on AIG’s Current Report on Form 8-K, filed October 23, 2009. The changes were as follows:

- From November 1, 2009 through December 31, 2009, Messrs. Herzog, Moor and Neuger will be paid annual cash salaries of \$350,000, \$450,000 and \$425,000, respectively.
- AIG suspended accruals for Messrs. Herzog, Moor and Neuger, to the extent they participate, under AIG’s supplemental retirement plans and other non-qualified deferred compensation plans.

Under the Determination Memorandum, AIG will also pay Messrs. Herzog and Moor annual stock salaries of \$3,104,167 and \$4,691,667, respectively, which vest at grant. Messrs. Herzog and Moor are also eligible, under the Determination Memorandum, to receive 2009 annual long-term incentive awards payable in restricted stock of up to \$833,333 and \$2,000,000, respectively, if they achieve performance goals for 2009. Mr. Neuger is not eligible for any of these payments because he will leave AIG with the previously-announced sale of AIG’s asset management business.

These actions could affect the executives’ rights under the other AIG employee plans in which these executives participate, including potentially AIG’s Executive Severance Plan. Any rights under these plans would be subject to the applicable limits of the Emergency Economic Stabilization Act of 2008 and AIG’s other agreements with the U.S. Department of the Treasury.

On November 24, 2009, AIG entered into a Stock Salary Award Agreement and a Restrictive Covenant Agreement with Robert H. Benmosche, AIG’s President and Chief Executive Officer. These agreements were entered into as part of Mr. Benmosche’s comprehensive compensation package, as described in AIG’s Current Report on Form 8-K filed on August 17, 2009.

Copies of the 2009-2010 Stock Salary Award Agreement and the Restrictive Covenant Agreement are attached as Exhibits 10.1 and 10.2, 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 2009-2010 Stock Salary Award Agreement between American International Group, Inc. and Robert H. Benmosche, dated November 24, 2009.

Exhibit 10.2 Restrictive Covenant Agreement between American International Group, Inc. and Robert H. Benmosche, dated November 24, 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: November 25, 2009

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

AMERICAN INTERNATIONAL GROUP, INC.

2009-2010 Stock Salary Award Agreement

AIG has awarded you an Annual Stock Salary payable in Shares. This Award Agreement sets forth the terms and conditions of your Annual Stock Salary.

1. **Status of Award.** This Award is an employment inducement award being made in accordance with Section 303A.08 of the New York Stock Exchange Listed Company Manual and covers your Annual Stock Salary from your Start Date through the end of 2010. Capitalized terms used but not otherwise defined in this Award Agreement have the meanings given in the attached Glossary of Terms.

2. **Annual Stock Salary.**

(a) Beginning on your Start Date, your Annual Stock Salary will accrue and be earned equally over the course of each 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.

(b) On each date that your base salary with the Company is payable in accordance with the Company's payroll practices then in effect (a "**Grant Date**"), you will be issued Shares equal to (1) the amount of your Annual Stock Salary earned over the relevant payroll period, net of any applicable tax withholdings and deductions pursuant to Paragraph 5(a), *divided by* (2) the closing price of a share of Common Stock on the New York Stock Exchange on that date (or, if the New York Stock Exchange is closed on the Grant Date, on the last preceding date on which the Common Stock was traded on that exchange). Cash will be paid in lieu of fractional Shares.

(c) For any Grant Date that would have occurred during the period beginning on your Start Date and ending on the date of this Award Agreement, you are being issued Shares on the date of this Award Agreement determined on the basis of the closing price of a share of Common Stock on the New York Stock Exchange on that date.

3. **Vesting; Restrictions.**

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

(b) For each Grant Date, the Shares issued in respect of that Grant Date shall be registered in your name in a direct registration account on the records of AIG with a legend indicating that the Shares may not be transferred from such account until the relevant Transferability Date. You shall be the beneficial owner of the Shares and shall have the rights of a shareholder of AIG with respect to the Shares, including full voting rights and the right to receive all dividends at the times and in the manner paid to shareholders generally, but (1) you shall not be entitled to delivery of Certificates representing the Shares or to transfer the Shares

from the direct registration account until the relevant Transferability Date, and (2) none of the Shares may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of or hedged in any manner until the relevant Transferability Date. Promptly after the relevant Transferability Date, the legend restricting transfer of the Shares from the direct registration account shall be lifted, and thereafter, upon your request in accordance with the policies of the Company's transfer agent then in effect, the Shares may be transferred pursuant to your instructions or Certificates representing the Shares may be delivered to you.

4. Termination. Your rights in respect of future grants under the 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 Shares 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 paid. In addition, your right to future Annual Stock Salary under this Award Agreement will terminate on December 31, 2010.

5. Withholding, Consents and Legends.

(a) Unless you otherwise direct, 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 Shares pursuant to Paragraph 2(b) in respect of the remainder. In the alternative, you may remit cash to the Company (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of the Company to satisfy such withholding obligation.

(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 issuance of Shares.

(c) Your right to receive grants of Shares 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) AIG may affix to Certificates representing Shares or to the direct registration account holding Shares issued pursuant to this Award Agreement any legend that the Committee reasonably determines to be necessary or advisable and to be consistent with the other terms of this Award Agreement (including to reflect any restrictions to which you may be subject under this Award Agreement or under a separate agreement with AIG). AIG may advise the transfer agent to place a stop transfer order against any legended Shares.

6. 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.

7. Maximum Number of Shares. Notwithstanding any other provision of this Award Agreement, in no event will more than 245,000 Shares be issuable

under this Award Agreement (subject to adjustment by the Committee for any increase or decrease in the number of issued shares of Common Stock resulting from a recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of AIG).

8. **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 8, the Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement, and its determinations shall be final, binding and conclusive.

9. **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.**

10. **TARP Restrictions.** Compensation 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.

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be duly executed and delivered as of November 24, 2009.

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ KATHLEEN E. SHANNON

Kathleen E. Shannon

Senior Vice President and Secretary

Recipient: Robert H. Benmosche

Annual Stock Salary: \$4,000,000 per year

Start Date: August 10, 2009

Agreed: /s/ ROBERT H. BENMOSCHE

Robert H. Benmosche

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.

“**Certificate**” means a stock certificate (or other appropriate document or evidence of ownership) representing shares of Common Stock.

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

“**Consent**” means, with respect to issuance of Shares 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. Nothing herein shall require the Company to list, register or qualify the Shares on any securities exchange.

“**Disability**” means a period of medically determined physical or mental impairment that is expected to result in death or last for a continuous 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 that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

“**Share**” means each share of Common Stock issued pursuant to this Award Agreement.

“**Transferability Date**” for a grant of Shares, means the fifth anniversary of the Start Date or, if earlier, your death or Disability.

November 24, 2009

Robert H. Benmosche

Dear Bob:

American International Group, Inc. ("AIG") has entered into a letter agreement with you, dated August 16, 2009 (your "Letter Agreement"), which establishes your compensation and certain terms of your employment as President and Chief Executive Officer of AIG. In consideration of your appointment as President and Chief Executive Officer and the payments to be made to you under the Letter Agreement, you agree as follows:

1. Noncompetition.

(a) Until the first anniversary of termination of your employment with AIG, you agree that you will not: (1) engage in any Competitive Insurance Business for your own account; (2) enter the employ of, or render any services to, any entity engaged in any Competitive Insurance Business; or (3) acquire a financial interest in, or otherwise become actively involved with, any entity engaged in any Competitive Insurance Business, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant.

(b) Notwithstanding Section 1(a), you may:

(1) directly or indirectly own securities of any entity engaged in a Competitive Insurance Business that are publicly traded on a national or regional stock exchange or on the over-the-counter market (or options to purchase such securities) so long as you (A) are not a controlling person of, or a member of a group that controls, the entity and (B) do not, directly or indirectly, own two percent or more of any class of securities of the entity; and

(2) directly or indirectly own, solely as an investment, limited partnership, membership or similar passive interests (including, without limitation, "carried interests") in any private equity fund, hedge fund, investment fund or similar entity so long as you have no participation in the management of such fund or entity and you have no participation in connection with the selection, acquisition, holding, management or disposition of any of the investments made by any such fund or entity in any Competitive Insurance Business.

(c) The following terms have the meanings indicated:

(1) "*Competitive Insurance Business*" means engaging in Insurance Activities in any geographical area in which AIG or any subsidiary does business as of the date of determination. However, an entity will not be considered to be engaged in a Competitive Insurance

Business if it derives less than 15% of its annual consolidated revenues from Insurance Activities. For the avoidance of doubt, any subsidiary of an entity engaging in Competitive Insurance Business is engaged in Competitive Insurance Business.

(2) “*Insurance Activities*” means any form of insurance of any kind that AIG or any subsidiary does as of the date of determination (or at that time proposes to) underwrite, reinsure, market or sell (any such form of insurance, an “*AIG Insurance Product*”) or any other form of insurance that is marketed or sold in competition with any AIG Insurance Product. For the avoidance of doubt, if an entity engages solely in self-insurance activities as a part of its operations, such activities will not constitute the engagement in Insurance Activities by the entity.

2. Nonsolicitation.

(a) Until the first anniversary of termination of your employment with AIG, you will not directly or indirectly, without AIG’s written consent, hire, solicit or encourage to cease to work with AIG or its subsidiaries or affiliates any Employee (other than, during your employment with AIG, in the course of the performance of your duties).

(b) The following are not violations of Section 2(a):

(1) Your responding to an unsolicited request for an employment reference regarding any former Employee by providing a reference setting forth your personal views about such former Employee; and

(2) An entity with which you are associated hiring or engaging any Employee, if you do not (A) direct the solicitation or hiring of the Employee, (B) identify the Employee as a potential recruit or (C) aid, assist or participate in soliciting or hiring an Employee.

(c) “*Employee*” means any executive officer of AIG and any employee of AIG who was designated as a “Partner” or “Senior Partner” for purposes of AIG’s Partners Plan and/or Senior Partners Plan or whose position within AIG historically would have qualified such employee to participate in the Partners Plan and/or the Senior Partners Plan prior to the discontinuation of those plans.

3. Waivers. AIG will consider any request for a waiver of Section 1 or Section 2 expeditiously and reasonably (taking into account the then-current and prospective circumstances of AIG at the time). Any waiver must be in writing to be effective.

4. Additional Terms.

(a) *Reasonableness; Enforcement.*

(1) You understand that the provisions of Sections 1 and 2 may limit your ability to earn a livelihood in a business similar to the business of AIG, but you nevertheless agree and hereby acknowledge that: (A) such provisions do not impose a greater restraint than is necessary to protect the goodwill or other business interests of AIG; (B) such provisions contain reasonable limitations as to time and scope of activity to be restrained; (C) such provisions are not harmful to the general public; and (D) such provisions are not unduly burdensome to you. In consideration of the foregoing and in light of your education, skills and abilities, you agree that you will not assert that, and it should not be considered that, any provisions of Sections 1 and 2 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(2) It is agreed that, although you and AIG consider the restrictions contained in Sections 1 and 2 to be reasonable, if a judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this letter is an unenforceable restriction against you, the provisions of the letter will not be rendered void but will be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this letter is unenforceable and the restriction cannot be amended so as to make it enforceable, the finding will not affect the enforceability of any of the other enforceable restrictions contained herein.

(3) You agree that AIG's remedies at law for a breach or threatened breach of any of the provisions of Sections 1 and 2 would be inadequate, and, in recognition of this fact, you agree that, in the event of such a breach or threatened breach, in addition to any remedies at law, and AIG, without posting any bond, will be entitled to obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

(b) GOVERNING LAW. THIS LETTER WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

(c) *Survival.* The provisions of this letter, including Sections 1 and 2, will survive any termination of your employment with AIG and/or any delivery or forfeiture of your compensation.

* * *

Sincerely,

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ ANASTASIA D. KELLY

Name: Anastasia D. Kelly

Title: Vice Chairman

I agree with and accept the foregoing terms.

/s/ ROBERT H. BENMOSCHE

Robert H. Benmosche

Signature Page to Letter