

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): February 7, 2010

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 8 — Other Events

Item 8.01. Other Events.

On February 8, 2010, American International Group, Inc. (AIG) issued a press release announcing that Peter D. Hancock will join AIG as Executive Vice President, Finance, Risk, and Investments. The press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated into this Item 8.01 by reference. Attached as Exhibit 99.2 is a Supplemental Determination Memorandum received from the Office of the Special Master for TARP Executive Compensation with respect to Mr. Hancock's proposed compensation. The Release and Restrictive Covenant Agreement and the Non-Competition and Non-Solicitation Agreement referred to in the Supplemental Determination Memorandum are attached as Exhibits 99.3 and 99.4, respectively.

Section 9 — Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1	Press release issued by American International Group, Inc., dated February 8, 2010.
Exhibit 99.2	Supplemental Determination Memorandum, dated February 5, 2010, from the Office of the Special Master for TARP Executive Compensation to AIG.
Exhibit 99.3	Release and Restrictive Covenant Agreement.
Exhibit 99.4	Non-Competition and Non-Solicitation Agreement.

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: February 8, 2010

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

EXHIBIT INDEX

<u>Exhibit No</u>	<u>Description</u>
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News



Contact: Mark Herr
News Media
(O): 212-770-3505
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Teri Watson
Investment Community
212-770-7074

**AIG NAMES PETER D. HANCOCK EXECUTIVE VICE PRESIDENT,
FINANCE, RISK, AND INVESTMENTS**

NEW YORK, February 8, 2010 — American International Group, Inc. (AIG) today announced that Peter D. Hancock will join AIG as Executive Vice President, Finance, Risk, and Investments. In this new position, reporting to AIG President and Chief Executive Officer Robert H. Benmosche, Mr. Hancock will oversee Finance, Risk, Audit, Investments, Strategic Planning, and AIG Financial Products Corp.

“I am very pleased that Peter, a recognized expert in risk and finance, will be joining AIG in this important new role. Over the last several weeks, a number of well-respected, seasoned executives have voted with their feet in our team’s unwavering commitment to repay taxpayers and create a real future for this great company,” Mr. Benmosche said. “Peter’s comprehensive experience in financial services will help accelerate our existing team’s efforts toward AIG’s re-emergence as a strong, independent company.”

Mr. Hancock has spent his entire career in financial services, including 20 years at J.P. Morgan, where he established the Global Derivatives Group, ran the Global Fixed Income Business and Global Credit Portfolio, and served as the firm’s Chief Financial Officer and Chairman of its Risk Management Committee. Mr. Hancock later co-founded Integrated Finance Limited, an advisory firm specializing in strategic risk management, asset management, and innovative pension solutions. Most recently, he served as Vice Chairman of KeyCorp, responsible for Key National Banking.

“I look forward to joining the first class leadership team at AIG dedicated to restoring AIG to health for the benefit of all its stakeholders,” Mr. Hancock said.

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American International Group, Inc. (AIG), a world leader in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG’s common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo.

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American International Group, Inc.
70 Pine Street, New York, NY 10270

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 5, 2010

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

**Re: *Supplemental Determination Regarding
Proposed Compensation Structure for Peter Hancock***

Dear Mr. Benmosche:

This letter addresses your request on behalf of American International Group, Inc., (“AIG”) for approval by the Special Master for TARP Executive Compensation of a compensation structure for a potential new hire. Under the Department of the Treasury’s Interim Final Rule on TARP Standards for Compensation and Corporate Governance (the “Rule”), the Special Master must approve the compensation structures of executive officers of “exceptional assistance recipients” such as AIG. 31 C.F.R. § 30.16(a)(3)(ii).

Pursuant to the Rule, on December 11, 2009, the Special Master issued an initial determination (the “Determination”), which concluded that certain compensation structures for AIG executive officers would not result “in payments that are inconsistent with the purposes of Section 111 of EESA or TARP, or are otherwise contrary to the public interest.” *Id.* § 30.16(a)(3)(ii) (the “Public Interest Standard”). Subsequent to the issuance of the Determination, AIG informed the Office of the Special Master that it had identified Mr. Peter Hancock as a potential new hire for an executive officer position, serving as Executive Vice President supervising AIG’s Investments, Financial Products, CFO/Finance, Strategic Planning/Restructuring, Risk and Audit functions. On February 5, 2010, AIG submitted a proposed compensation structure for Mr. Hancock to the Office of the Special Master—its representatives having previously discussed the substance of the proposal with the Special Master and staff members in the Office of the Special Master—and requested a determination that the proposed structure is consistent with the Public Interest Standard.

AIG proposed a 2010 compensation structure for Mr. Hancock that generally conforms to the compensation structures the Special Master approved in the Determination. Accordingly, the Special Master has determined that AIG’s proposed 2010 compensation structure for Mr. Hancock, as set forth in the draft employment agreement attached as *Exhibit I* (the “Draft Agreement”), is consistent with the Public Interest Standard.

The Draft Agreement also contemplates that on January 1, 2011, Mr. Hancock may become a “senior executive officer” of AIG for the purposes of the Rule. Unlike the approval

being given currently, which addresses only compensation structure, if Mr. Hancock becomes a senior executive officer in future years the Special Master's approval will be required under the Rule for both his compensation structure and specific amounts payable.

Id. § 30.16(a)(3)(i).

Under the Draft Agreement, an alternate compensation structure would be provided to Mr. Hancock from and after the date on which he becomes a senior executive officer, in light of the additional restrictions on compensation payable to such employees under the Rule. The alternate compensation structure proposed by AIG generally conforms with the compensation structure the Special Master previously approved for senior executive officers of AIG. Accordingly, the Special Master has concluded in principle that the compensation structure and the amounts potentially payable under the structure proposed for Mr. Hancock should he become a senior executive officer would be consistent with the Public Interest Standard. Notwithstanding the foregoing, however, the Special Master's final determination under Section 30.16(a)(3) of the Rule regarding compensation structures and payments for Mr. Hancock in any year after 2010 will not be made prior to the Special Master's regular review of AIG's senior executive officer compensation for that year, and will be based on the totality of the facts and circumstances at that time.

The conclusions reached herein apply only to the proposal in respect of Mr. Hancock. Such conclusions are limited to the authority vested in the Special Master 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 conclusion 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, 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: Jeffrey Hurd, Esq.
Marc Trevino, Esq.

February 8, 2010

Dear Peter:

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

1. *Term of this Letter.* This letter will be effective for a term beginning on February 8, 2010 and ending on December 31, 2012.
2. *Position.* Your employment with AIG will commence on the beginning of the term of this letter. You will be an Executive Vice President of AIG and report directly to the CEO. The following functions of AIG will report to you: Investments, Financial Products, CFO/Finance, Strategic Planning/Restructuring, Risk and Audit.
3. *Base Cash Salary.* Your base cash salary will be \$1,500,000 per year. On January 1, 2011, your base cash salary will increase to \$1,800,000.
4. *Stock Salary.* In addition to your cash salary, you will receive equal bi- monthly awards of stock or restricted stock units in AIG. For 2010, these awards, which we refer to as stock salary, will be at a rate of \$2,400,000 per year. On January 1, 2011, your stock salary will increase to \$4,400,000 per year.
 - Initially your stock salary will be in the form of restricted stock units of AIG;
 - Restricted stock units will be immediately vested and will be delivered in three equal, annual installments beginning on the 2nd anniversary of the date of grant (with each installment being accelerated by one year if AIG repays its federal obligations), and units will be settled in cash or stock at the election of the Committee (in consultation with you) and taxed on delivery;
 - If your restricted stock units are settled in stock, the stock will be immediately vested when delivered, tax will be withheld by AIG in kind (unless otherwise directed by you) and remaining shares shall not be subject to any additional transferability restrictions; and
 - The Committee will authorize early transferability of any stock salary you have received on death or disability.
5. *2010 Cash Incentive Pay.* For 2010, your annual cash incentive target will be \$1,800,000. AIG's Compensation and Management Resources Committee will determine the amount of your cash incentive award based on its performance assessment against objective performance metrics that have been provided to you. We anticipate that you will become one of AIG's top 25 most highly compensated employees for 2011. Accordingly, any cash incentive earned will be paid in two equal installments in December 2010.

The first installment will be paid in cash, and the second installment will be paid in fully vested AIG stock that may not be transferred until January 1, 2012.

Your annual cash incentive for 2010 may not exceed the amount of the stock incentive award you receive for 2010 pursuant to Section 6 below. Because we anticipate that you will become one of AIG's top 25 most highly compensation employees for 2011, we do not anticipate that you will be eligible for an annual cash incentive for 2011 or 2012.

6. *2010 Long-Term Stock Incentive Pay.* For 2010, your long-term incentive award target will be \$1,800,000 in the form of stock or restricted stock units of AIG. The Committee will determine the form and amount of your stock incentive award based on its performance assessment against objective performance metrics that have been provided to you, subject to the following:
 - For 2010, stock or restricted stock units will be immediately vested and will be subject to transfer/payout restrictions for three years; and
 - Awards will provide for early transferability in the event of death or disability.
7. *Long-Term Restricted Stock.* For each of 2011 and 2012, your long-term restricted stock award target will be \$800,000. The Committee will determine the form and amount of your long-term restricted stock award based on its performance assessment against objective performance metrics that will be provided to you, subject to the following:
 - For 2011 and 2012, stock or restricted stock units will vest on the 3rd anniversary of grant and will be subject to transfer/payout restrictions as and if required at the time by the TARP Standards for Compensation and Corporate Governance (31 C.F.R. Part 30) for long-term restricted stock; and
 - Awards will provide for early vesting on death or disability and early transferability on the same events to the extent permitted by the TARP Standards for Compensation and Corporate Governance.
8. *Benefits.* Subject to the limits of this letter and the TARP Standards of Compensation and Corporate Governance, 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 its annexes. You will participate in AIG's Executive Severance Plan beginning as of the date hereof as an Executive Vice President (without regard to the Partners Plan, for which you are not eligible, or any other eligibility requirement). Under the ESP for 2010, your 2010 cash incentive target will be treated as your historic average "Annual Cash Bonuses."

9. *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 TARP Standards for Compensation and Corporate Governance). 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 TARP Standards for Compensation and Corporate Governance.

In addition, your compensation is subject to applicable regulations issued by the U.S. Department of the Treasury (including the TARP Standards for Compensation and Corporate Governance) 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 from AIG only to the extent that it is consistent with those regulations and requirements.

10. *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 including reasonable legal fees if you choose to have your own counsel, and you shall not be required to act against your own legal interests.

11. *Tax Matters.* To the extent any taxable expense reimbursement or in-kind benefits under Section 8 or Section 10 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 any event, any such expenses shall be reimbursed no later than 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. You will be entitled to instruct AIG to withhold taxes in accordance with the applicable rules upon your becoming subject to any tax on vesting of any stock awards hereunder. This Section 11 shall also apply to any payments made to you under Section IX.F. (Cooperation) of the Release and Restrictive Covenant Agreement, which shall be as set forth in Annex 1.

12. *Non-competition and non-solicitation.* In connection with your joining AIG, you have entered into non-competition arrangements (covering competing insurance business) and non-solicitation arrangement (covering senior AIG employees) with AIG as set forth in Annex 2. For the avoidance of doubt, those non-competition arrangements provide that enforcement will be conditioned on AIG's performing its obligations under the ESP as provided herein.
13. *Dispute resolution.* Any contest or dispute between AIG and you arising out of or relating to or concerning this letter or your other employment arrangements with AIG (including termination of your employment) shall be submitted to arbitration in New York City before, and in accordance with the commercial arbitration rules then obtaining of, the American Arbitration Association (the "AAA"). Each party will bear his or its own expenses of the arbitration including legal fees. Any dispute will be subject to the jurisdiction of a State or Federal court located in the City of New York to the extent necessary to obtain injunctive relief.

We look forward to having you as a member of AIG's leadership team.

Sincerely,

AMERICAN INTERNATIONAL GROUP, INC.

By: _____

Jeffrey J. Hurd
Senior Vice President — Human Resources and
Communications

I agree with and accept the foregoing terms.

[Name]

FOIA Confidential Treatment Requested by American International Group, Inc.

AIGSM000013442

EXHIBIT B
AMERICAN INTERNATIONAL GROUP, INC.
RELEASE AND RESTRICTIVE COVENANT AGREEMENT

This Release and Restrictive Covenant Agreement (the "Agreement") is entered into by and between Peter Hancock (the "Employee") and American International Group, Inc., a Delaware Corporation (the "Company").

Each term defined in the American International Group, Inc. Amended and Restated Executive Severance Plan (the "Plan") has the same meaning when used in this Agreement.

I. Termination of Employment

The Employee's employment with the Company and each of its subsidiaries and controlled affiliates (collectively "AIG") shall terminate on _____ (the "Termination Date") and, as of that date, the Employee shall cease performing the Employee's employment duties and responsibilities for AIG and shall no longer report to work for AIG. For purposes of this Agreement, the term "controlled affiliates" means an entity of which the Company directly or indirectly owns or controls a majority of the voting shares.

II. Severance; Offset of Amounts Due

Subject to the following paragraph, the Employee shall receive Severance Installments (as defined in the Plan) in the gross amount of \$ _____, less applicable tax and benefit withholdings paid out over _____ months (in substantially equal weekly, biweekly, or monthly installments) in accordance with Section IV.B of the Plan and the Company's normal payroll practices. The Severance Period (as defined in the Plan) shall end on _____, 200__ (the "Severance End Date"). Solely for purposes of the American International Group, Inc. Retirement Plan and any life insurance benefits provided pursuant to Section IV.F of the Plan, only that portion of the Severance Installments that is equal to the Employee's regular salary installments at the time of the Termination Date shall be treated as "salary" (the remainder shall be treated as non-salary). The Employee shall also be paid accrued wages, reimbursed expenses and _____ days of accrued, unused vacation pay as set forth in Section IV.A of the Plan.

The Employee's Severance Installments (and other benefits as set forth in Sections IV.C through F of the Plan) shall be subject to reduction as set forth in Section IV.G of the Plan.

III. Other Benefits

Nothing in this Agreement modifies or affects any of the terms of any benefit plans or programs (including, without limitation, the Company's right to alter the terms of such plans or programs). No further deductions or employer matching contributions shall be made on behalf of the Employee to the Incentive Savings Plan ("ISP") as of the last day of the pay period in which the Termination Date occurs.

The Employee shall no longer participate or be eligible for coverage under the Short-Term and Long-Term Disability programs, the ISP, the Supplemental Incentive Savings Plan ("SISP") or the Executive Deferred Compensation Plan ("EDCP") after the Termination Date. After the Termination Date, the Employee may decide, under the ISP, whether to elect a rollover or distribution of the Employee's account balance or to keep the account balance in the ISP. Under the SISP and EDCP, no further deferrals will be permitted and a distribution because of termination of employment of the Employee's entire account balance under the SISP and EDCP will be paid after Termination Date pursuant to the terms of the SISP and EDCP. The Employee shall not accrue vacation after the Termination Date.

As set forth in Section IV.D of the Plan (but subject to Section IV.G of the Plan), the Employee shall be entitled to participate during the Severance Period in the applicable Company-provided health plans for active employees in which the Employee participated prior to termination by paying on an after-tax basis the applicable employee contribution charged to active employees receiving similar coverage. If the Employee participates in such plan, the actuarial cost of such coverage in excess of the applicable employee contribution paid by the Employee, as determined by the Company, shall be imputed as taxable income to the Employee.

As set forth in Section IV.F of the Plan (but subject to Section IV.G of the Plan), the Employee shall be entitled to participate during the Severance Period in the group life insurance benefits generally available to active employees of the Company. The Employee shall be required to pay the costs of such coverage on the same basis as prior to the date of termination. Any portion of the premium paid by the Company shall be imputed as taxable income to the Employee.

The Employee will continue to participate in and accrue benefits in the AIG Retirement Plan through the Severance End Date. The AIG Retirement Plan deems an Employee on severance payroll continuation to be a participant in the Plan. If the Employee is vested and has the age and service to commence a benefit, benefits under the AIG Retirement Plan may commence after the last day on payroll.

Except as set forth in this Agreement and Sections IV.C through F of the Plan, there are no other payments or benefits due to the Employee from the Company. The Employee acknowledges and agrees that the Company has made no representations to the Employee as to the applicability of Section 409A of the Internal Revenue Code to any of the payments or benefits provided to the Employee pursuant to the Plan or this Agreement.

IV. Release of Claims

In partial consideration of the payments and benefits described in Section IV of the Plan, to which the Employee agrees the Employee is not entitled until and unless he executes this Agreement, the Employee, for and on behalf of the Employee and the Employee's heirs and assigns, subject to the following two sentences hereof, hereby waives and releases any common law, statutory or other complaints, claims, charges or causes of action of any kind whatsoever, both known and unknown, in law or in equity, which the Employee ever had, now has or may have against AIG and its shareholders (other than C.V. Starr & Co., Inc. and Starr International Company, Inc.), successors, assigns, directors, officers, partners, members, employees or agents (collectively, the "Releasees"), by reason of acts or omissions which have occurred on or prior to the date that the

Employee signs this Release, including, without limitation, any complaint, charge or cause of action arising under federal, state or local laws pertaining to employment, including the Age Discrimination in Employment Act of 1967 ("ADEA," a law which prohibits discrimination on the basis of age), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, all as amended; and all other federal, state, local and foreign laws and regulations. By signing this Agreement, the Employee acknowledges that the Employee intends to waive and release any rights known or unknown that the Employee may have against the Releasees under these and any other laws; *provided*, that the Employee does not waive or release claims with respect to (i) the right to enforce the Employee's rights under this Agreement or the Letter Agreement between the Employee and AIG dated February ___, 2010 (the "Letter Agreement"), or the Plan; (ii) any rights to indemnification that he may have under the certificate of incorporation, the by-laws or equivalent governing documents of the Company, the laws of the State of Delaware or any other state of which a subsidiary or affiliate of the Company is a domiciliary, or any indemnification agreement between the Employee and AIG, or any rights to insurance coverage under any directors' and officers' personal liability insurance or fiduciary insurance policy; (iii) any accrued right the Employee may have to compensation or benefits under applicable plans, programs or policies of AIG; (iv) any right the Employee may have to obtain contribution as permitted by law in the event of entry of judgment against him as a result of any act or failure to act for which Employee, on the one hand, and Company or any Releasee, on the other hand, are jointly liable; or (v) any rights arising out of any customer relationship the Employee has with AIG including but not limited to any claim pertaining to insurance policies, securities or other financial instruments, investments, partnerships or brokerage accounts, ((i) through (v) collectively, the "Unreleased Claims"). In addition, the Employee waives any claim to reinstatement or re-employment with AIG, the Employee shall not seek or accept employment with AIG after the Termination date and the Employee agrees not to bring any claim based upon the failure or refusal of AIG to employ the Employee hereafter.

V. Proceedings

The Employee acknowledges that the Employee has not filed any complaint, charge, claim or proceeding, except with respect to an Unreleased Claim, if any, against any of the Releasees before any local, state or federal agency, court or other body (each individually a "Proceeding"). The Employee represents that the Employee is not aware of any basis on which such a Proceeding could reasonably be instituted. By signing this Agreement the Employee:

(a) Acknowledges that the Employee shall not initiate or cause to be initiated on his behalf any Proceeding and shall not participate in any Proceeding, in each case, except as required by law;

(b) Waives any right he may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding, including any Proceeding conducted by the Equal Employment Opportunity Commission ("EEOC"); and

(c) Acknowledges that the Employee shall be limiting the availability of certain remedies that the Employee may have against AIG and limiting also the Employee's ability to pursue certain claims against the Releasees.

Notwithstanding the above, nothing in Section V of this Agreement shall prevent the Employee from:

(x) Initiating or causing to be initiated on his or her behalf any complaint, charge, claim or proceeding against the Company before any local, state or federal agency, court or other body challenging the validity of the waiver of his or her claims under the ADEA contained in Section IV of this Agreement (but no other portion of such waiver), or

(y) Initiating or participating in an investigation or proceeding conducted by the EEOC.

VI. Time to Consider

The payments and benefits payable to the Employee under this Agreement include consideration provided to Employee over and above anything of value to which the Employee already is entitled. The Employee acknowledges that the Employee has been advised that the Employee has 21 days from the date of the Employee's receipt of this Agreement to consider all the provisions of this Agreement.

THE EMPLOYEE FURTHER ACKNOWLEDGES THAT THE EMPLOYEE HAS READ THIS AGREEMENT CAREFULLY, HAS BEEN ADVISED BY THE COMPANY TO, CONSULT AN ATTORNEY, AND FULLY UNDERSTANDS THAT BY SIGNING BELOW THE EMPLOYEE IS GIVING UP CERTAIN RIGHTS WHICH THE EMPLOYEE MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE RELEASEES, AS DESCRIBED IN SECTION IV OF THIS AGREEMENT AND THE OTHER PROVISIONS HEREOF. THE EMPLOYEE ACKNOWLEDGES THAT THE EMPLOYEE HAS NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS AGREEMENT, AND THE EMPLOYEE AGREES TO ALL OF ITS TERMS VOLUNTARILY.

VII. Revocation

The Employee hereby acknowledges and understands that the Employee shall have seven days from the date of the Employee's execution of this Agreement to revoke this Agreement (including, without limitation, any and all claims arising under the ADEA) by providing written notice of revocation delivered to the General Counsel of the Company no later than 5:00 p.m. on the seventh day after the Employee has signed the Agreement. Neither the Company nor any other person is obligated to provide any benefits to the Employee pursuant to Section IV of the Plan until eight days have passed since the Employee's signing of this Agreement without the Employee having revoked this Agreement. If the Employee revokes this Agreement pursuant to this Section, the Employee shall be deemed not to have accepted the terms of this Agreement, and no action shall be required of AIG under any section of this Agreement.

VIII. No Admission

This Agreement does not constitute an admission of liability or wrongdoing of any kind by the Employee or AIG.

IX. Restrictive Covenants

A. Non-Competition/Non-Solicitation

The Employee agrees to comply with all of the terms and conditions set forth in the Restrictive Covenant Agreement between AIG and the Employee, dated February 8, 2010.

B. Nondisparagement

The Employee agrees (whether during or after the Employee's employment with AIG) not to issue, circulate, publish or utter any false or disparaging statements, remarks or rumors about AIG or the officers, directors or managers of AIG other than to the extent reasonably necessary in order to (a) assert a bona fide claim against AIG arising out of the Employee's employment with AIG, or (b) respond in a truthful and appropriate manner to any legal process or give truthful and appropriate testimony in a legal or regulatory proceeding or (c) respond in a truthful and appropriate manner to incorrect, disparaging or derogatory statements by AIG or any of the individuals referenced above to correct or refute any such statements.

C. Code of Conduct

The Employee agrees to abide by all of the terms of the Company's Code of Conduct or the Director, Executive Officer and Senior Financial Officer Code of Business Conduct and Ethics that continue to apply after termination of employment.

D. Confidentiality/Company Property

The Employee acknowledges that the disclosure of this Agreement or any of the terms hereof could prejudice AIG and would be detrimental to AIG's continuing relationship with its employees. Accordingly, until AIG publicly discloses this Agreement by a filing with the SEC or otherwise, the Employee agrees not to discuss or divulge either the existence or contents of this Agreement to anyone other than the Employee's immediate family, attorneys or tax advisors or prospective employers, business associates, partners or investors, and further agrees to use the Employee's best efforts to ensure that none of those individuals will reveal its existence or contents to anyone else. The Employee shall not, without the prior written consent of AIG, use, divulge, disclose or make accessible to any other person, firm, partnership, corporation or other entity, any "Confidential Information" (as defined below), *provided* that the Employee may disclose Confidential Information or information about the existence or content of this Agreement when required to do so by a court of competent jurisdiction, by any governmental agency having supervisory authority over the business of AIG, as the case may be, or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order the Employee to divulge, disclose or make accessible such information or in order to enforce this Agreement or any other agreement with AIG; *provided*, further, that in the event that the Employee is ordered by a court or other government agency to disclose any Confidential Information, the Employee shall:

- (a) Promptly notify AIG of such order;
- (b) At the written request of AIG, diligently contest such order at the sole expense of AIG; and

(c) At the written request of AIG, seek to obtain, at the sole expense of AIG, such confidential treatment as may be available under applicable laws for any information disclosed under such order.

Upon the Termination Date the Employee shall return AIG property, including, without limitation, files, records, disks and any media containing Confidential Information. Notwithstanding the foregoing, the Employee shall be entitled to retain (i) personal diaries, personal calendars, personal phone books and personal correspondence (in each case so long as such property does not contain other Confidential Information); (ii) information showing his compensation or relating to reimbursement of expenses (so long as it does not contain other Confidential Information); and (iii) copies of plans, programs and agreements relating to the Employee's employment, or termination thereof, with AIG. For purposes of this Section IX.D:

"*Confidential Information*" shall mean information concerning the financial data, strategic business plans, product development (or other proprietary product data), customer lists, marketing plans and other, proprietary and confidential information relating to the business of AIG [or customers], that, in any case, is not otherwise available to the public (other than by the Employee's breach of the terms hereof).

E. Developments

Developments shall be the sole and exclusive property of AIG. The Employee agrees to, and hereby does, assign to AIG, without any further consideration, all of the Employee's right, title and interest throughout the world in and to all Developments. The Employee agrees that all such Developments that are copyrightable may constitute works made for hire under the copyright laws of the United States and, as such, acknowledges that AIG is the author of such Developments and owns all of the rights comprised in the copyright of such Developments. The Employee hereby assigns to AIG without any further consideration all of the rights comprised in the copyright and other proprietary rights the Employee may have in any such Development to the extent that it might not be considered a work made for hire. The Employee shall make and maintain adequate and current written records of all Developments and shall disclose all Developments promptly, fully and in writing to the Company promptly after development of the same, and at any time upon request.

"*Developments*" shall mean all discoveries, inventions, ideas, technology, formulas, designs, software, programs, algorithms, products, systems, applications, processes, procedures, methods and improvements and enhancements conceived, developed or otherwise made or created or produced by the Employee alone or with others, and in any way relating to the business or any proposed business of AIG of which the Employee has been made aware, or the products or services of AIG of which the Employee has been made aware, whether or not subject to patent, copyright or other protection and whether or not reduced to tangible form, at any time during the Employee's employment with AIG.

F. Cooperation

The Employee agrees to reasonably cooperate, to the extent such cooperation is not directly against his own legal interest:

(a) With AIG in connection with any litigation or regulatory matters in which the Employee may have relevant knowledge or information, and

(b) With all government authorities on matters pertaining to any investigation, litigation or administrative proceeding pertaining to AIG.

This cooperation shall include, without limitation, the following:

(x) To meet and confer, at a time mutually convenient to the Employee and AIG, with AIG's designated in-house or outside attorneys for trial preparation purposes, including answering questions, explaining factual situations, preparing to testify, or appearing for deposition;

(y) To appear for trial and give truthful trial testimony without the need to serve a subpoena for such appearance and testimony; and

(z) To give truthful sworn statements to AIG's attorneys upon their request and, for purposes of any deposition or trial testimony, to adopt AIG's attorneys as the Employee's own (*provided* that there is no conflict of interest that would disqualify the attorneys from representing the Employee), and to accept their record instructions at deposition.

The Company agrees to reimburse the Employee for reasonable out-of-pocket expenses (including any attorney's fees, to the extent that the Employee reasonably believes his separate representation is warranted) incurred by the Employee in connection with the cooperation set forth in this paragraph. To the extent reasonably possible, the Company agrees to take into account the Employee's personal and business commitments and the significance of the matter in question before requesting cooperation, and to make every reasonable effort to provide the Employee with reasonable notice of the need for his cooperation and assistance. To the extent reasonably possible, the Company will try to limit the Employee's cooperation to regular business hours.

G. Provision of Information

The Employee agrees that the Employee (a) has read and understood the promises of Section IV.G of the Plan relating to Severance Offset Amounts (as defined in the Plan) and the circumstances under which benefits under the Plan shall be reduced on account of future employment and other income, (b) shall provide promptly to the Claims Administrator (as defined in the Plan) or his or her designee, as applicable, without request, all information known to the Employee that may be applicable to determining Severance Offset Amounts and/or the Employee's eligibility for continuing active employee health coverage under Section IV.G of the Plan and (c) shall provide promptly to the Claims Administrator or his or her designee, as applicable, all other information the Company may reasonably request for purposes of determining Severance Offset Amounts and/or the Employee's eligibility for continuing active employee health coverage under Section IV.G of the Plan.

If the Company reasonably determines that the Employee received Severance Installments (or other benefits as set forth in Sections IV.C through F of the Plan) that should not have been paid or delivered because of Severance Offset Amounts under Section IV.G of the Plan, the Employee shall be obligated to repay to AIG, immediately

upon being notified of this and in a cash lump sum, such amounts that should not have been paid or delivered (which shall, for the avoidance of doubt, be calculated on a pre-tax basis).

X. Enforcement

If at any time (a) the Employee materially breaches any of the provisions of this Agreement or (b) the Plan Administrator of the Plan determines that grounds existed, on or prior to the Termination Date, including prior to the Effective Date of the Plan, for AIG to terminate the Employee's employment for "Cause" (as defined in the Plan), (y) no further payments or benefits shall be due to the Employee under this Agreement and/or the Plan; and (z) the Employee shall be obligated to repay to AIG, immediately upon being notified of this and in a cash lump sum, the amount of any Severance Installments and other Severance benefits (other than any amounts received by the Employee under Section IV.D, E or F) previously received by the Employee under this Agreement and/or the Plan (which shall, for the avoidance of doubt, be calculated on a pre-tax basis); *provided* that the Employee shall in all events be entitled to receive accrued wages and expense reimbursement and accrued but unused vacation pay as set forth in Section IV.A of the Plan.

The Employee acknowledges and agrees that AIG's remedies at law for a breach or threatened breach of any of the provisions of Sections IX.A, B, D and E of this Agreement would be inadequate, and, in recognition of this fact, the Employee agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, AIG, without posting any bond, shall 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. In addition, AIG shall be entitled to immediately cease paying any amounts remaining due or providing any benefits to the Employee pursuant to Section IV of the Plan upon a determination by the "Plan Administrator" (as defined in the Plan) that the Employee has violated any provision of Section IX of this Agreement, subject to payment of all such amounts upon a final determination, by a court of competent jurisdiction, that the Employee had not violated Section IX of this Agreement.

XI. General Provisions

A. No Waiver; Severability

A failure of the Company or any of the Releases to insist on strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision hereof. If any provision of this Agreement is determined to be so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable, and in the event that any provision is determined to be entirely unenforceable, such provision shall be deemed severable, such that all other provisions of this Agreement shall remain valid and binding upon the Employee and the Releasees.

B. Governing Law

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE WHOLLY PERFORMED WITHIN THAT STATE, WITHOUT REGARD TO ITS CONFLICT OF LAWS PROVISIONS OR THE CONFLICT OF

LAWS PROVISIONS OF ANY OTHER JURISDICTION WHICH WOULD CAUSE THE APPLICATION OF ANY LAW OTHER THAN THAT OF THE STATE OF NEW YORK. THE EMPLOYEE CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS IN NEW YORK.

C. Entire Agreement/Counterparts

This Agreement constitutes the entire understanding and agreement between the Company and the Employee with regard to all matters herein; provided, however, that Section 11 of the Letter Agreement ("Tax Matters") shall apply to all payments under Section IX.F. of this Agreement. There are no other agreements, conditions, or representations, oral or written, express or implied, with regard thereto. This Agreement may be amended only in writing, signed by the parties hereto. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. For the avoidance of doubt, this Agreement shall be the sole release applicable to the Employee as a condition to his receipt of severance under the Plan.

D. Notice

For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given if delivered: (a) personally; (b) by overnight courier service; (c) by facsimile transmission; or (d) by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses, as set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith; *provided* that notice of change of address shall be effective only upon receipt. Notices shall be deemed given as follows: (x) notices sent by personal delivery or overnight courier shall be deemed given when delivered; (y) notices sent by facsimile transmission shall be deemed given upon the sender's receipt of confirmation of complete transmission; and (z) notices sent by United States registered mail shall be deemed given two days after the date of deposit in the United States mail.

If to the Employee, to the address as shall most currently appear on the records of the Company.

If to the Company, to

American International Group, Inc.
70 Pine Street
New York, NY 10270
Fax: 212-770-1584
Attn: General Counsel

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement.

EMPLOYEE

By: _____
Name:
Title:
Date:

AMERICAN INTERNATIONAL GROUP, INC.

By: _____
Name:
Title:
Date:

February 8, 2010

Peter Hancock

Dear Peter:

American International Group, Inc. (“AIG”) has entered into a letter agreement with you, dated February 8, 2010 (your “Letter Agreement”), which establishes your compensation and certain terms of your employment as an Executive Vice President of AIG. In consideration of your appointment as an Executive Vice President 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 (the “Restricted Period”), 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. Notwithstanding the foregoing, the restrictions of this paragraph shall not apply after the termination of your employment (a) if such termination is voluntary by you without Good Reason on or after January 1, 2013 or (b) if such termination is by AIG without Cause or by you for Good Reason and AIG fails to make severance payments in the amount and at the rate provided under the ESP in the case of terminations described in this clause (b) occurring at the time the Letter Agreement is signed by you, whether or not the ESP is in effect at the time of your termination; provided, however, that clause (b) shall not apply if you accept severance payments from AIG less in amount than the severance payments described in this clause (b).

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

(i) 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;

(ii) 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 during your employment with AIG you have no participation in the management of such fund or entity and during your employment with AIG and thereafter for the balance of the Restricted Period 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;

(iii) serve as an outside director on the board of any enterprise, other than a Competitive Insurance Business, whose common securities are publicly traded on a national or regional stock exchange or on the over-the-counter market; and

(iv) enter the employ of, or render any services to, a division, department, subsidiary or affiliate of an entity engaged in a Competitive Insurance Business if such division, department, subsidiary or affiliate is not itself engaged in a Competitive Insurance Business and you do not provide services to, or have any responsibilities regarding, the Competitive Insurance Business.

(c) The following terms have the meanings indicated:

(i) “*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.

(ii) “*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):

(i) 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

(ii) An entity with which you are associated hires, solicits or engages any Employee (as described in (a) above), 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) *Conditions.* In the event that AIG fails to perform its obligations, including making severance payments, under the Executive Severance Plan in any material respect for any reason, the provisions of Section 1 shall be held unenforceable. For the avoidance of doubt, and notwithstanding anything in the Executive Severance Plan to the contrary, this Agreement shall provide the sole non-competition, non-solicitation or similar restrictive covenants applicable to you as a condition to your receipt of severance under the Executive Severance Plan and shall constitute the sole non-competition, non-solicitation or similar restrictive covenants applicable to you for which AIG may obtain injunctive relief or seek damages (other than forfeiture of a specific payment or award which are contingent on complying with non-competition, non-solicitation or similar restrictions).

(b) *Reasonableness; Enforcement.*

(i) 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.

(ii) 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.

(iii) 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, 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.

(c) **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.**

(d) *Survival.* Except as provided herein, 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.

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Sincerely,

AMERICAN INTERNATIONAL GROUP, INC.

By: _____
Name:
Title:

I agree with and accept the foregoing terms.

Peter Hancock