

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 13G  
Under the Securities Exchange Act of 1934

AVALON PHARMACEUTICALS, INC.

-----  
(Name of Issuer)

Common Stock, \$.01 par value per share

-----  
(Title of Class of Securities)

05346P106

-----  
(CUSIP Number)

December 31, 2007

-----  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosure provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended ("Act"), or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. NAME OF REPORTING PERSONS  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

American International Group, Inc.  
I.R.S. Identification No. 13-2592361

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]  
(b) [ ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Incorporated under the laws of the State of Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5.	SOLE VOTING POWER	0
	6.	SHARED VOTING POWER	925,253
	7.	SOLE DISPOSITIVE POWER	0
	8.	SHARED DISPOSITIVE POWER	925,253

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
925,253

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES  
[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
5.43%

12. TYPE OF REPORTING PERSON

HC

1. NAME OF REPORTING PERSONS  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

AIG Global Asset Management Holdings Corp.  
I.R.S. Identification No. 13-3870953

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]  
(b) [ ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of the State of Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER	0
	6. SHARED VOTING POWER	925,253
	7. SOLE DISPOSITIVE POWER	0
	8. SHARED DISPOSITIVE POWER	925,253

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

925,253

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.43%

12. TYPE OF REPORTING PERSON

HC

1. NAME OF REPORTING PERSONS  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

AIG Global Investment Corp.  
I.R.S. Identification No. 06-1078320

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]  
(b) [ ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Organized under the laws of the State of New Jersey

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. SOLE VOTING POWER	0
	6. SHARED VOTING POWER	925,253
	7. SOLE DISPOSITIVE POWER	0
	8. SHARED DISPOSITIVE POWER	925,253

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
925,253

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES  
[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
5.43%

12. TYPE OF REPORTING PERSON

IA

ITEM 1 (a). NAME OF ISSUER:  
Avalon Pharmaceuticals, Inc.

ITEM 1 (b). ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:  
20358 Seneca Meadows Parkway  
Germantown, MD 20876

ITEM 2 (a). NAME OF PERSON(S) FILING:  
American International Group, Inc.  
AIG Global Asset Management Holdings Corp.  
AIG Global Investment Corp.

ITEM 2 (b). ADDRESS OF PRINCIPAL BUSINESS OFFICE(S):  
American International Group, Inc.  
70 Pine Street  
New York, New York 10270  
AIG Global Asset Management Holdings Corp.  
70 Pine Street  
New York, New York 10270  
AIG Global Investment Corp.  
175 Water Street  
New York, New York 10038

ITEM 2 (c). CITIZENSHIP:  
The information requested hereunder is set forth  
under Item 4 of the cover pages to this Schedule 13G.

ITEM 2 (d). TITLE OF CLASS OF SECURITIES:  
Common Stock, \$.01 par value  
per share

ITEM 2 (e). CUSIP NUMBER:  
05346P106

ITEM 3. TYPE OF PERSONS FILING:

American International Group, Inc.:

- (g) Parent Holding Company, in accordance with Rule 13d-1(b) (ii) (G) promulgated under the Securities Exchange Act of 1934, as amended (the "Act")

AIG Global Asset Management Holdings Corp.:

- (g) Parent Holding Company, in accordance with Rule 13d-1(b) (ii) (G) promulgated under the Act

AIG Global Investment Corp.

- (e) Investment Adviser, in accordance with Rule 13d-1(b) (ii) (E) promulgated under the Act

ITEM 4. OWNERSHIP.

(a) through (c). The information requested hereunder is set forth under Items 5 through 9 and Item 11 of the cover pages to this Schedule 13G.

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF CLASS.

Not applicable.

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.

Not applicable.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY.

See Exhibit 1 attached hereto for the information requested hereunder with respect to the relevant subsidiaries of American International Group, Inc.

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.

Not applicable.

ITEM 9. NOTICE OF DISSOLUTION OF GROUP.

Not applicable.

ITEM 10. CERTIFICATION.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having such purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 12, 2008

AMERICAN INTERNATIONAL GROUP, INC.

By /s/ Win J. Neuger  
-----  
Name: Win J. Neuger  
Title: Executive Vice President and  
Chief Investment Officer

AIG GLOBAL ASSET MANAGEMENT HOLDINGS CORP.

By /s/ Win J. Neuger  
-----  
Name: Win J. Neuger  
Title: Chairman and Chief Executive Officer

AIG GLOBAL INVESTMENT CORP.

By /s/ Win J. Neuger  
-----  
Name: Win J. Neuger  
Title: Chairman and Chief Executive Officer

EXHIBIT INDEX

- Exhibit 1 Identification and Classification of the Subsidiaries Which  
Acquired the Security Being Reported on by the Parent Holding  
Company
- Exhibit 2 Agreement of Joint Filing

IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY  
BEING REPORTED ON BY THE PARENT HOLDING COMPANY.

American International Group, Inc. -- Subsidiary Information

AIG Global Asset Management Holdings Corp.:

Parent Holding Company or Control Person pursuant to Rule  
13d-1(b) (ii) (G)

Category Symbol:                    HC

AIG Global Investment Corp.:

Investment Adviser pursuant to Rule 13d-1(b) (ii) (E)

Category Symbol:                    IA

AGREEMENT OF JOINT FILING

In accordance with Rule 13d-1(f), promulgated under the Securities Exchange Act of 1934, as amended, each of the undersigned hereby agrees to the joint filing on behalf of each of them of a Statement on Schedule 13G, and any amendments thereto, with respect to the Common Stock, \$.01 par value per share, of Avalon Pharmaceuticals, Inc. and that this Agreement may be included as an Exhibit to such filing.

Each of the undersigned parties represents and warrants to the other that the information contained in any amendment thereto about it will be, true, correct and complete in all material respects and in accordance with all applicable laws. Each of the undersigned parties agrees to inform the other of any changes in such information or of any additional information which would require any amendment to the Schedule 13G and to promptly file such amendment.

Each of the undersigned parties agrees to indemnify the other for any losses, claims, liabilities or expenses (including reasonable legal fees and expenses) resulting from, or arising in connection with, the breach by such party of any representations, warranties or agreements in this Agreement.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to constitute one and the same Agreement.

IN WITNESS WHEREOF, each of the undersigned hereby executes this Agreement as of February 12, 2008.

AMERICAN INTERNATIONAL GROUP, INC.

By /s/ Win J. Neuger  
-----  
Name: Win J. Neuger  
Title: Executive Vice President and  
Chief Investment Officer

AIG GLOBAL ASSET MANAGEMENT HOLDINGS CORP.

By /s/ Win J. Neuger  
-----  
Name: Win J. Neuger  
Title: Chairman and Chief Executive Officer

AIG GLOBAL INVESTMENT CORP.

By /s/ Win J. Neuger  
-----  
Name: Win J. Neuger  
Title: Chairman and Chief Executive Officer