

Herzog David L
Form 4
October 04, 2010

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Herzog David L

2. Issuer Name and Ticker or Trading Symbol
AMERICAN INTERNATIONAL GROUP INC [AIG]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
AMERICAN INTERNATIONAL GROUP, INC., 70 PINE STREET
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
09/30/2010

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
EXECUTIVE VP & CFO

NEW YORK, NY 10270

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative Securities Acquired (A)	6. Date Exercisable and Expiration Date	7. Title and Underlying Security
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)
			Code V	(A)	(D)	Title
					Date Exercisable	Expiration Date
Long-Term Performance Units	\$ 39.1 ⁽¹⁾	09/30/2010	A	930.7911 ⁽²⁾	⁽²⁾	⁽³⁾ Common Stock
Restricted Stock Unit	\$ 30.12 ⁽¹⁾	10/01/2010	M	1,284.09 ⁽⁵⁾	⁽³⁾	⁽³⁾ Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Herzog David L AMERICAN INTERNATIONAL GROUP, INC. 70 PINE STREET NEW YORK, NY 10270			EXECUTIVE VP & CFO	

Signatures

KATHLEEN E. SHANNON, POA FOR DAVID L. HERZOG

 **Signature of Reporting Person

10/04/2010

 Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents AIG's share price on the date of grant; these securities do not carry a conversion or exercise price.
 This award represents the portion of a grant of fully vested LPTUs that is based on the value of common stock, net of the value of 25.0913 shares withheld for taxes. The LTPUs are based on a mix of common stock and AIG's 8.175% Series A-6 Junior Subordinated Debentures (the "Hybrid Securities"), and represent 20 percent common stock and 80 percent Hybrid Securities, by value, on the date of grant. One third of the award will be payable in cash based on the values of the underlying securities on the first anniversary of the grant date, one third based on the values on the second anniversary and one third based on the values on the third anniversary. The Reporting Person disclaims that the reported portion of the LTPUs is a "derivative security" required to be reported under Section 16 of the Securities Exchange Act of 1934.
- (3) These securities do not have an exercisable date or expiration date.
- (4) These securities do not carry a conversion or exercise price.
 Represents the payment in cash of \$49,899.65, net of applicable taxes, in settlement of stock salary based on AIG's share price on October 1, 2010. The settlement date for this award was accelerated by one year after certification to the Special Master for TARP Executive Compensation that AIG had completed a corporate transaction that resulted in a repayment to the Federal Reserve Bank of New York.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.