

Machon Monika M
 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 *
 Machon Monika M

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)

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

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 SENIOR VICE PRESIDENT

AMERICAN INTERNATIONAL GROUP, INC., 70 PINE STREET, 13TH FLOOR

(Street)

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

NEW YORK, NY 10270

(City) (State) (Zip)

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 Following 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) | Price | | |
| | | | | Code | V | Amount | |

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)

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|--------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount |
| Long-Term Performance Units | \$ 39.1 ⁽¹⁾ | 09/30/2010 | | A | 49.9246 ⁽²⁾ | ⁽²⁾ | ⁽³⁾ | Common Stock | 4 |
| Long-Term Performance Units | \$ 39.1 ⁽¹⁾ | 09/30/2010 | | A | 143.5331 ⁽⁵⁾ | ⁽⁵⁾ | ⁽³⁾ | Common Stock | 1 |
| Restricted Stock Unit | \$ 30.12 ⁽¹⁾ | 10/01/2010 | | M | 137.93 ⁽⁶⁾ | ⁽³⁾ | ⁽³⁾ | Common Stock | |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Machon Monika M
 AMERICAN INTERNATIONAL GROUP, INC.
 70 PINE STREET, 13TH FLOOR
 NEW YORK, NY 10270

SENIOR VICE PRESIDENT

Signatures

KATHLEEN E. SHANNON, POA FOR MONIKA M.
 MACHON

10/04/2010

__Signature of Reporting Person

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 1.2263 shares withheld for taxes. The LPTUs are based on a mix of common stock and AIG's 8.175% Series A-6 Junior Subordinated

(2) Debentures (the "Hybrid Securities"), and represent 20 percent common stock and 80 percent Hybrid Securities, by value, on the date of grant. This award will be payable in cash based on the values of the underlying securities on the first anniversary of the grant date. The Reporting Person disclaims that the reported portion of the LPTUs 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.

(5) 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 3.5257 shares withheld for taxes. The LPTUs 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. This award will be payable in cash based on the values of the underlying securities on the third anniversary of the grant date. The Reporting Person disclaims that the reported portion of the LPTUs is a "derivative security" required to be reported under Section 16 of

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the Securities Exchange Act of 1934.

- (6) Represents payout of \$5,359.91 net of applicable taxes, in stock salary payable in cash based on AIG's share price on the first anniversary of the deemed grant date, to be paid on the next payroll date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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