

AMERICAN INTERNATIONAL GROUP INC

Form 4

December 09, 2008

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
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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 *
C V STARR & CO INC2. 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)
399 PARK AVENUE, 17TH
FLOOR3. Date of Earliest Transaction
(Month/Day/Year)
12/05/2008____ Director ____ 10% Owner
____ Officer (give title below) ____ Other (specify below)(Street)
NEW YORK, NY 100224. If Amendment, Date Original
Filed(Month/Day/Year)6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price \$ 0 (1) (2) (3) (4)
Common Stock	12/05/2008		J(1)(2)(3)(4)		2,917,916	D	
Common Stock					8,580,850	I	See Footnote (5)

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

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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 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 Underlying Security (Instr. 3 and 4)	8. Date Exercisable Expiration Date	9. Title	10. Amount
Variable Prepaid Forward Contract	\$ 0 ⁽¹⁾ ⁽²⁾ ₍₃₎ ₍₄₎	12/05/2008		J ⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾	2,917,916	⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾ ₍₁₎ ₍₂₎ ₍₃₎ ₍₄₎	Common Stock	⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾ ₍₁₎ ₍₂₎ ₍₃₎ ₍₄₎		2,917,916

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
C V STARR & CO INC 399 PARK AVENUE 17TH FLOOR NEW YORK, NY 10022			X	

Signatures

/s/Bertil P-H Lundqvist,
Attorney-In-Fact

12/09/2008

__Signature of Reporting Person

Date

/s/Mike F. Huang,
Attorney-In-Fact

12/09/2008

__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) On November 21, 2005, C. V. Starr & Co., Inc. (?CV Starr?) entered into a variable prepaid forward sale contract (the ?Citi Contract?) for up to 2,917,916 shares (the ?Maximum Number?) of American International Group, Inc. common stock (the ?Common Stock?) pursuant to a Master Terms and Conditions for Pre-Paid Forward Contracts, dated as of November 15, 2005, by and between CV Starr and Citibank, N.A. (?Citibank?).
- (2) The Citi Contract provided that the number of shares of Common Stock deliverable to Citibank by CV Starr at settlement would be based upon the Relevant Price (as defined in the Citi Contract) for each of the 10 Scheduled Trading Days (as defined in the Citi Contract) prior to and including December 5, 2008 (the ?Valuation Dates?) as follows: (a) if the Relevant Price of the Common Stock

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(the "Settlement Price") were less than or equal to \$66.8540 (the "Forward Floor Price"), a delivery of 1/10 of the Maximum Number of shares of Common Stock, subject to rounding; -- CONTINUES ONTO THE NEXT FOOTNOTE

- (3) CONTINUED FROM THE PREVIOUS FOOTNOTE -- (b) if the Settlement Price were greater than the Forward Floor Price but less than or equal to \$86.9102 (the "Forward Cap Price"), a delivery of shares equal to (i) the Forward Floor Price divided by the Settlement Price times (ii) 1/10 of the Maximum Number of shares of Common Stock, subject to rounding; and (c) if the Settlement Price is greater than the Forward Cap Price, a delivery of shares equal to (i) (A) the Forward Floor Price plus (B) the Settlement Price minus the Forward Cap Price, divided by (ii) the Settlement Price, times (iii) 1/10 of the Maximum Number of shares of Common Stock, subject to rounding.
- (4) The Settlement Price on each of the Valuation Dates ranged from a high of \$1.98 to a low of \$1.56, resulting in CV Starr delivering to Citibank the Maximum Number of shares of Common Stock
- (5) CV Starr may be deemed to be the beneficial owner of, and to have a pecuniary interest in, the shares of Common Stock held by the C.V. Starr & Co., Inc. Trust, of which CV Starr is a beneficiary.

Remarks:

CV Starr may be deemed to beneficially own more than 10% of the Common Stock under Rule 16a-1(a)(1) under the Securities

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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