

AMERICAN INTERNATIONAL GROUP INC

Form 424B2

March 21, 2012

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Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-160645

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities Offered</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee(1)(2)</b>
3.000% Notes Due 2015	\$750,000,000	\$85,950
3.800% Notes Due 2017	\$1,250,000,000	\$143,250
Total	\$2,000,000,000	\$229,200

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933 as amended (the Securities Act ).

(2) A registration fee of \$229,200 has been paid with respect to this offering.

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**Prospectus Supplement**

**(To Prospectus dated April 5, 2011)**

**\$ 2,000,000,000**

**American International Group, Inc.**

**\$750,000,000 3.000% Notes Due 2015**

**\$1,250,000,000 3.800% Notes Due 2017**

We are offering \$750,000,000 principal amount of our 3.000% Notes Due 2015 (the 2015 Notes ) and \$1,250,000,000 principal amount of our 3.800% Notes Due 2017 (the 2017 Notes and together with the 2015 Notes, the Notes ).

The 2015 Notes will bear interest at the rate of 3.000% per annum, accruing from March 22, 2012 and payable semi-annually in arrears on each March 20 and September 20, beginning on September 20, 2012. The 2017 Notes will bear interest at the rate of 3.800% per annum, accruing from March 22, 2012 and payable semi-annually in arrears on each March 22 and September 22, beginning on September 22, 2012. The 2015 Notes will mature on March 20, 2015. The 2017 Notes will mature on March 22, 2017. The Notes will be sold in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

We may redeem some or all of the Notes of either series at any time at the respective redemption prices described under Description of the Notes Optional Redemption.

The Notes will be our unsecured obligations and will rank equally with all of our other existing and future unsecured indebtedness. The Notes will be effectively subordinated to our secured limited recourse obligations in respect of the pay down of the preferred interests of the United States Department of the Treasury in AIA Aurora LLC, the special purpose vehicle through which we hold the ordinary shares of AIA Group Limited, to the extent of the assets securing those obligations; however, we expect to pay down those preferred interests in full subsequent to this offering. In addition, the Notes will be structurally subordinated to secured and unsecured debt of our subsidiaries, which is significant. The Notes of each series are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on any securities exchange or for inclusion of the Notes in any automated quotation system.

**Investing in the Notes involves risks. Before investing in any Notes offered hereby, you should consider carefully each of the risk factors set forth in Risk Factors beginning on page S-6 of this prospectus supplement and Item 1A. of Part I of AIG's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of the Notes or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	<b>Initial Public Offering Price</b>	<b>Underwriting Discount and Commissions</b>	<b>Proceeds, Before Expenses, to American International Group, Inc.</b>
Per 2015 Note	99.844%(1)	0.250%	99.594%
2015 Notes Total	\$ 748,830,000	\$ 1,875,000	\$ 746,955,000
Per 2017 Note	99.797%(1)	0.400%	99.397%
2017 Notes Total	\$ 1,247,462,500	\$ 5,000,000	\$ 1,242,462,500

(1) Plus interest accrued on the Notes from March 22, 2012, if any.

The underwriters expect to deliver the Notes to investors through the book-entry facilities of The Depository Trust Company and its direct participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Clearstream Banking, société anonyme, on or about March 22, 2012.

*Joint Book-Running Managers*

**J.P. Morgan**

**RBS**

**US Bancorp**  
*Co-Managers*

**Wells Fargo Securities**

**ANZ Securities**  
**Lloyds Securities**  
**SMBC Nikko**

**CastleOak Securities, L.P.**  
**Mizuho Securities**  
**Standard Chartered Bank**  
March 19, 2012

**Drexel Hamilton**  
**nabSecurities, LLC**

**ING**  
**Scotiabank**  
**The Williams Capital Group, L.P.**

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We are responsible only for the information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference herein and therein and any related free writing prospectus issued or authorized by us. We have not, and the underwriters have not, authorized anyone to provide you with any other information, and neither we nor the underwriters take responsibility for any other information that others may give you. We are offering to sell the Notes only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference is accurate only as of the date on the front of those documents, regardless of the time of delivery of those documents or any sale of the Notes.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information regarding certain securities of American International Group, Inc. ( AIG ), some of which do not apply to this offering. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (the SEC ) using the SEC 's shelf registration rules. You should read both this prospectus supplement and the accompanying prospectus, together with additional information incorporated by reference herein and therein as described under the heading Where You Can Find More Information in this prospectus supplement and the accompanying prospectus.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement to AIG, we, us, our or similar references mean American International Group, Inc. and not its subsidiaries.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement. The information contained in this prospectus supplement or the accompanying prospectus or in the documents incorporated by reference herein and therein is only accurate as of their respective dates.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This prospectus supplement and the accompanying prospectus and other publicly available documents, including the documents incorporated herein and therein by reference, may include, and AIG 's officers and representatives may from time to time make, projections, goals, assumptions and statements that may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These projections, goals, assumptions and statements are not historical facts but instead represent only AIG 's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG 's control. These projections, goals, assumptions and statements may address, among other things:

the timing of the disposition of the ownership position of the United States Department of the Treasury ( Treasury ) in AIG;

the timing and method of the pay down of the preferred interests in AIA Aurora LLC ( AIA SPV ) held by Treasury;

the fair value of AIA Group Limited ( AIA ) and cash flow projections for AIG 's interest in Maiden Lane III LLC ( ML III );

the monetization of AIG 's interests in International Lease Finance Corporation ( ILFC );

AIG 's exposures to sovereign bond issuers, state and municipal bond issuers, residential, including subprime, and commercial real estate, and monoline issuers;

AIG 's exposure to European governments and European financial institutions;

AIG 's strategy for risk management;

AIG 's ability to retain and motivate its employees;

AIG 's generation of deployable capital;

AIG's return on equity and earnings per share long-term aspirational goals;

AIG's strategy to grow net investment income, efficiently manage capital and reduce expenses;

AIG's strategy for customer retention, growth, product development, market position, financial results and reserves; and

the revenues and combined ratios of AIG's subsidiaries.

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It is possible that AIG's actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include:

actions by credit rating agencies;

changes in market conditions;

the occurrence of catastrophic events;

significant legal proceedings;

concentrations in AIG's investment portfolios, including its municipal bond portfolio;

judgments concerning casualty insurance underwriting and reserves;

judgments concerning the recognition of deferred tax assets;

judgments concerning deferred policy acquisition costs recoverability;

judgments concerning the recoverability of aircraft values in ILFC's fleet; and

such other factors as are discussed throughout the Risk Factors section of this prospectus supplement, and in Part I, Item 1A. Risk Factors and in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of AIG's Annual Report on Form 10-K for the year ended December 31, 2011.

AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

Unless the context otherwise requires, the term AIG in this Cautionary Statement Regarding Forward-Looking Information section means American International Group, Inc. and its consolidated subsidiaries.

### **WHERE YOU CAN FIND MORE INFORMATION**

AIG is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and files with the SEC proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as required of a U.S. publicly listed company. You may read and copy any document AIG files at the SEC's public reference room in Washington, D.C. at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. AIG's SEC filings are also available to the public through:

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The SEC's website at [www.sec.gov](http://www.sec.gov); and

The New York Stock Exchange, 20 Broad Street, New York, New York 10005  
AIG's common stock is listed on the NYSE and trades under the symbol AIG.

AIG has filed with the SEC a registration statement on Form S-3 relating to the Notes. This prospectus supplement is part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus supplement to a contract or other document, please be aware that the reference is not necessarily complete and that you should refer to the exhibits that are part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C. as well as through the SEC's internet site noted above.

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The SEC allows AIG to incorporate by reference the information AIG files with the SEC (other than information that is deemed furnished to the SEC) which means that AIG can disclose important information to you by referring to those documents, and later information that AIG files with the SEC will automatically update and supersede that information as well as the information contained in this prospectus supplement. AIG incorporates by reference the documents listed below and any filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Exchange Act until all the Notes to which this prospectus supplement relates are sold or the offering is otherwise terminated (except for information in these documents or filings that is deemed furnished to the SEC):

- (1) Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 23, 2012 and Amendment No. 1 on Form 10-K/A filed on February 27, 2012 (together, our Annual Report on Form 10-K ).
- (2) The definitive proxy statement on Schedule 14A filed on April 4, 2011, and the definitive additional materials on Schedule 14A filed on April 4, 2011.
- (3) Current Reports on Form 8-K filed on April 1, 2011, May 12, 2011, January 11, 2012, February 23, 2012, March 5, 2012, March 6, 2012, March 8, 2012, March 13, 2012 and March 13, 2012.

AIG will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement is delivered, upon his or her written or oral request, a copy of any or all of the reports or documents referred to above that have been incorporated by reference into this prospectus supplement excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You can request those documents from AIG's Investor Relations Department, 180 Maiden Lane, New York, New York 10038, telephone 212-770-6293, or you may obtain them from AIG's corporate website at [www.aig.com](http://www.aig.com). Except for the documents specifically incorporated by reference into this prospectus supplement, information contained on AIG's website or that can be accessed through its website is not incorporated into and does not constitute a part of this prospectus supplement. AIG has included its website address only as an inactive textual reference and does not intend it to be an active link to its website.

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**SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in the Notes. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the Risk Factors section of this prospectus supplement, Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2011, and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, which are described under Where You Can Find More Information in this prospectus supplement and the accompanying prospectus.*

**American International Group, Inc.**

AIG, a Delaware corporation, is a leading international insurance organization serving customers in more than 130 countries. AIG companies serve commercial, institutional and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG's principal executive offices are located at 180 Maiden Lane, New York, New York 10038, and its main telephone number is (212) 770-7000. AIG's internet address for its corporate website is www.aig.com. Except for the documents referred to under Where You Can Find More Information in this prospectus supplement and the accompanying prospectus which are specifically incorporated by reference into this prospectus supplement and the accompanying prospectus, information contained on AIG's website or that can be accessed through its website is not incorporated into and does not constitute a part of this prospectus supplement or the accompanying prospectus. AIG has included its website address only as an inactive textual reference and does not intend it to be an active link to its website.

**Recent Developments**

***Sale of AIA Shares***

On March 7, 2012, AIG completed the sale of 1.72 billion ordinary shares of AIA by means of a placement to certain institutional investors for gross proceeds of approximately \$6 billion (the AIA Sale). AIG used approximately \$5.6 billion of the net proceeds from the AIA Sale to reduce the liquidation preference of Treasury's preferred interests (the AIA SPV Preferred Interests) in the AIA SPV, the special purpose vehicle through which AIG holds the AIA ordinary shares.

***Amendment to Master Transaction Agreement***

On March 7, 2012, AIG entered into an agreement (the Amendment) with the Treasury, the AIA SPV and AM Holdings LLC (formerly known as ALICO Holdings LLC) (the ALICO SPV), a special purpose vehicle holding the remaining proceeds of the sale of American Life Insurance Company (ALICO), to amend the Master Transaction Agreement, dated as of December 8, 2010 (the Master Transaction Agreement), among AIG, the ALICO SPV, the AIA SPV, the Federal Reserve Bank of New York (the FRBNY), the Treasury and the AIG Credit Facility Trust, the related Guarantee, Pledge and Proceeds Application Agreement of AIG, dated as of January 14, 2011 (the GPPA), and the limited liability company agreements of the AIA SPV and the ALICO SPV. The Amendment provides for the pay down of Treasury's remaining AIA SPV Preferred Interests. Under the terms of the Amendment, AIG paid down a portion of the remaining liquidation preference of the AIA SPV Preferred Interests and redeemed Treasury's preferred participating return rights under the AIA SPV and the ALICO SPV limited liability company agreements, using the following sources:

approximately \$5.6 billion of proceeds from the AIA Sale; and

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approximately \$1.6 billion of proceeds from the FRBNY's final disposition of Maiden Lane II LLC securities announced on February 28, 2012.

Following those payments, pursuant to the Amendment, the liens created by the GPPA on the equity interests in ILFC, the ordinary shares of AIA held subsequent to the closing of the AIA Sale, and the common equity interests in the AIA SPV were released and such interests and the AIA ordinary shares no longer support the pay down of the AIA SPV Preferred Interests. AIG's interests in ML III and in the escrow holding the remaining proceeds from AIG's sale of ALICO to MetLife, Inc. (MetLife) will continue to support the pay down of the remaining AIA SPV Preferred Interests, which AIG expects to fully pay down subsequent to this offering. AIG has committed to pay down the remaining AIA SPV Preferred Interests by no later than May 2013.

As of March 16, 2012, approximately \$1.5 billion of AIA SPV Preferred Interests remained outstanding.

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**Summary of the Offering**

*The following summary contains basic information about the Notes and is not intended to be complete. It does not contain all of the information that may be important to you. For a more detailed description of the Notes, please refer to the section entitled "Description of the Notes" in this prospectus supplement and the section entitled "Description of Debt Securities AIG May Offer" in the accompanying prospectus.*

Issuer	American International Group, Inc.
Notes Offered	<p>\$750,000,000 principal amount of 3.000% Notes Due 2015 (the 2015 Notes )</p> <p>\$1,250,000,000 principal amount of 3.800% Notes Due 2017 (the 2017 Notes and together with the 2015 Notes, the Notes )</p>
Maturity Date	<p>The 2015 Notes will mature on March 20, 2015.</p> <p>The 2017 Notes will mature on March 22, 2017.</p>
Interest Rate and Payment Dates	<p>The 2015 Notes will bear interest at the rate of 3.000% per annum payable semi-annually in arrears on each March 20 and September 20, beginning on September 20, 2012, and ending at maturity.</p> <p>The 2017 Notes will bear interest at the rate of 3.800% per annum payable semi-annually in arrears on each March 22 and September 22, beginning on September 22, 2012, and ending at maturity.</p>
Form and Denomination	The Notes will be issued in fully registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Ranking	<p>The Notes will be unsecured obligations of American International Group, Inc. and will rank equally with all of our other existing and future unsecured indebtedness. The Notes will be effectively subordinated to our secured limited recourse obligations in respect of the pay down of the AIA SPV Preferred Interests, to the extent of the assets securing those obligations; however, we expect to pay down the AIA SPV Preferred Interests in full subsequent to this offering. See Risk Factors The Notes are unsecured debt and will be effectively subordinated to any secured obligations we may incur, including our secured limited recourse indebtedness. for a further discussion of those obligations.</p> <p>In addition, the Notes will be structurally subordinated to the secured and unsecured debt of our subsidiaries, which is significant.</p>



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Optional Redemption

We may redeem the Notes of either series, in whole or in part, at any time at our option prior to maturity at a price equal to the greater of (i) the principal amount thereof and (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the Notes of such series to be redeemed discounted to the date of redemption as described on page S-13 under Description of the Notes Optional Redemption, plus, in each case, accrued and unpaid interest to but excluding the date of the redemption.

Covenants

The terms of each series of Notes and the indenture governing such series of Notes limit our ability and the ability of certain of our subsidiaries to incur certain liens without equally and ratably securing such series of Notes. See Description of the Notes Limitation on Liens Covenant for a further discussion. Other than this covenant, the terms of the Notes will contain limited protections for holders of the Notes. In particular, the Notes will not place any restrictions on our or our subsidiaries ability to:

engage in a change of control transaction;

subject to the covenant discussed under Description of the Notes Limitation on Liens Covenant, issue secured debt or secure existing unsecured debt;

issue debt securities or otherwise incur additional unsecured indebtedness or other obligations;

purchase or redeem or make any payments in respect of capital stock or other securities ranking junior in right of payment to the Notes;

sell assets; or

enter into transactions with related parties.

Use of Proceeds

Net proceeds to us will be approximately \$1.988 billion after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Subsequent to this offering, AIG expects to use approximately \$1.5 billion of existing funds allocated to the Matched Investment Program (the MIP ) to pay down all the AIA SPV Preferred Interests, and in exchange, to allocate to the MIP a greater amount of assets, which may include (subject to certain regulatory and third party approvals) AIG s remaining interests in ML III and the \$1.6 billion in cash held in escrow to secure indemnities provided to MetLife, each of which will be released as security supporting the AIA SPV Preferred Interests upon the pay down in full. AIG expects to use the proceeds of this offering to enhance the derisking of, and better match the assets and liabilities in, the MIP. See Use of Proceeds.

Further Issuances

We may create and issue further notes ranking equally and ratably with either series of Notes in all respects, on the same terms and conditions (except that the issue price and issue date may vary), so that such further notes will

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	constitute and form a single series with such series of Notes being offered by this prospectus supplement.
Listing	We are not applying to list the Notes on any securities exchange or to include the Notes in any automated quotation system.
Trustee and Paying Agent	The trustee and paying agent for each series of Notes is The Bank of New York Mellon.
Governing Law	The indenture and the supplemental indentures under which the Notes are being issued and the Notes will be governed by the laws of the State of New York.
Risk Factors	Investing in the Notes involves risks. You should consider carefully all of the information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. In particular, you should consider carefully the specific risk factors described in Risk Factors beginning on page S-6 of this prospectus supplement and Item 1A. of Part I of AIG's Annual Report on Form 10-K for the year ended December 31, 2011, before purchasing any Notes.



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### **RISK FACTORS**

*An investment in the Notes involves certain risks. You should carefully consider the risks described below and in Item 1A. of Part I of AIG's Annual Report on Form 10-K for the year ended December 31, 2011, as well as other information included, or incorporated by reference, in this prospectus supplement and the accompanying prospectus, before purchasing any Notes. Events relating to any of the following risks, or other risks and uncertainties, could seriously harm our business, financial condition and results of operations. In such a case, the trading value of the Notes could decline, or we may be unable to meet our obligations under the Notes, which in turn could cause you to lose all or part of your investment.*

***The Notes are unsecured debt and will be effectively subordinated to any secured obligations we may incur, including our secured limited recourse indebtedness.***

The Notes will be our unsecured obligations and will rank effectively junior to any secured obligations we may incur, to the extent of the collateral securing those obligations. For example, if we were unable to repay indebtedness or meet other obligations under our secured debt, the holders of that secured debt may have the right to foreclose upon and sell the assets that secure that debt. In such an event, it is likely that we would not have sufficient funds to pay amounts due on the Notes.

In addition, if we are declared bankrupt, become insolvent or are liquidated or reorganized, holders of our secured debt will be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to the instruments governing such debt, and any of our secured indebtedness will be entitled to be paid in part or in full, to the extent of our pledged assets or the pledged assets of the guarantors securing that indebtedness before any payment may be made with respect to the Notes from such pledged assets. Secured lenders not paid in full from pledged assets shall be entitled to an unsecured claim for the balance of their debt (or such lesser amount as any applicable limited recourse may provide). Holders of the Notes will participate ratably in our remaining assets with all holders of any unsecured indebtedness that does not rank junior to the Notes, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the Notes. As a result, holders of the Notes would likely receive less, ratably, than holders of secured indebtedness.

In connection with the Master Transaction Agreement, we entered into secured limited recourse loans with the AIA SPV and the ALICO SPV. The loan from the ALICO SPV has been repaid in full. Subsequent to this offering, AIG expects that it will repay a portion of its intercompany loan with the AIA SPV (the "AIA SPV Intercompany Loan") and pay down the remaining AIA SPV Preferred Interests in full. However, if for any reason those events do not occur, our outstanding obligations under the AIA SPV Intercompany Loan and our obligations to pay down the AIA SPV Preferred Interests would remain secured by pledges by us and certain of our subsidiaries, and our interests in ML III and in the escrow holding the remaining proceeds from our sale of ALICO to MetLife would continue to support the pay down of the AIA SPV Preferred Interests until such time as the AIA SPV Preferred Interests may be fully paid down. As of March 16, 2012, approximately \$1.5 billion of AIA SPV Preferred Interests remained outstanding.

***Treasury is our controlling shareholder and may have interests inconsistent with the holders of the Notes.***

As of March 13, 2012, Treasury held approximately 70% of our outstanding common stock. Treasury is able, to the extent permitted by law, to control a vote of our shareholders on substantially all matters, including:

approval of mergers or other business combinations;

a sale of all or substantially all of our assets;

amendments to our restated certificate of incorporation; and

other matters that might be favorable to Treasury, but not to our other shareholders or the holders of the Notes.



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The interests of Treasury may not be the same as those of the holders of the Notes. Treasury may take actions to protect its interests that adversely affect the interest of the holders of the Notes.

Treasury may also, subject to applicable securities laws and applicable transfer restrictions, transfer all, or a portion of, our common stock to another person or entity and, in the event of such a transfer, that person or entity could become our controlling shareholder. The terms of the Notes do not prevent Treasury from transferring control of us to another person. See The terms of the Notes contain limited protection for holders of the Notes for a further discussion of the limited protection provided to holders of the Notes.

### *The terms of the Notes contain limited protection for holders of the Notes.*

The indenture under which the Notes will be issued and the terms of the Notes offer limited protection to holders of the Notes. In particular, the terms of the indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

engage in a change of control transaction;

subject to the covenant discussed under Description of the Notes Limitation on Liens Covenant, issue secured debt or secure existing unsecured debt;

issue debt securities or otherwise incur additional unsecured indebtedness or other obligations;

purchase or redeem or make any payments in respect of capital stock or other securities ranking junior in right of payment to the Notes;

sell assets; or

enter into transactions with related parties, including Treasury.

Furthermore, the terms of the indenture and the Notes will not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition or results of operations, as they will not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow or liquidity. In addition, the Notes do not provide for a step-up in interest on, or any other protection against, a decline in our credit ratings.

Our ability to incur additional debt and take a number of other actions that are not limited by the terms of the indenture or the Notes could negatively affect the value of the Notes.

In addition, our existing credit facilities include more protections for their lenders than the Notes. For example, subject to certain exceptions, our existing credit facilities restrict our ability and the ability of certain of our subsidiaries to, among other things, incur certain types of liens, merge, consolidate, sell all or substantially all assets and engage in transactions with affiliates. Our existing credit facilities also require us to maintain a specified total consolidated net worth, consolidated total debt to consolidated total capitalization, and consolidated priority debt (defined as debt of our subsidiaries and our secured debt) to consolidated total capitalization. If we fail to comply with those covenants and are unable to obtain a waiver or amendment, an event of default would result and the lenders under those credit facilities could, among other things, declare any outstanding borrowings under those credit facilities immediately due and payable. However, because the Notes do not contain similar covenants, such events may not constitute an event of default under the Notes and the holders of the Notes would not be able to accelerate the payment under the Notes. As a result, holders of the Notes may be effectively subordinated to the lenders of the existing credit facility, and to new lenders or note holders, to the extent the instruments they hold include similar protections.

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*We and our subsidiaries have significant leverage and debt obligations, payments on the Notes will depend on receipt of dividends and distributions from our subsidiaries, and the Notes will be structurally subordinated to the existing and future indebtedness of our subsidiaries.*

We are a holding company and we conduct substantially all of our operations through subsidiaries. We are also permitted, subject to certain limitations under our existing indebtedness, to obtain additional long-term debt and working capital lines of credit to meet future financing needs. This would have the effect of increasing our total leverage. Furthermore, subject to the covenant discussed under Description of the Notes Limitation on Liens Covenant, the indenture relating to the Notes does not prohibit us or our subsidiaries from incurring additional secured or unsecured indebtedness. As of December 31, 2011, after giving effect to the offering of the Notes, we would have had approximately \$77.3 billion of consolidated debt (including approximately \$26.6 billion of subsidiary debt obligations not guaranteed by us).

We depend on dividends, distributions and other payments from our subsidiaries to fund payments on the Notes. Further, the majority of our investments are held by our regulated subsidiaries. Our subsidiaries may be limited in their ability to make dividend payments or advance funds to us in the future because of the need to support their own capital levels.

Our right to participate in any distribution of assets from any subsidiary upon the subsidiary's liquidation or otherwise is subject to the prior claims of any preferred equity interest holders and creditors of that subsidiary, except to the extent that we are recognized as a creditor of that subsidiary. To the extent that we are a creditor of a subsidiary, our claims would be subordinated to any security interest in the assets of that subsidiary and/or any indebtedness of that subsidiary senior to that held by us. In addition, proceeds from certain assets of our subsidiaries are required to be used to make payments to Treasury, as described in The Notes are our unsecured debt and will be effectively subordinated to any secured obligations we may incur, including our secured limited recourse indebtedness. As a result, the Notes will be structurally subordinated to all existing and future liabilities of our subsidiaries. You should look only to our assets as the source of payment for the Notes, and not those of our subsidiaries.

*The trading market for the Notes may be limited and you may be unable to sell your Notes at a price that you deem sufficient.*

The Notes being offered by this prospectus supplement are new issues of securities for which there is currently no active trading market. We do not intend to list either series of the Notes on any securities exchange or include either series of the Notes in any automated quotation system. The underwriters currently intend, but are not obligated, to make a market for the Notes. As a result, an active trading market may not develop for either series of the Notes, or if one does develop, it may not be sustained. If an active trading market fails to develop or cannot be sustained, you may not be able to resell your Notes at their fair market value or at all.

Whether or not a trading market for either series of Notes develops, neither we nor the underwriters can provide any assurance about the market price of the Notes. Several factors, many of which are beyond our control, might influence the market value of the Notes, including:

actions by Treasury;

our creditworthiness and financial condition;

actions by credit rating agencies;

the market for similar securities;

prevailing interest rates; and

economic, financial, geopolitical, regulatory and judicial events that affect us, the industries and markets in which we are doing business, and the financial markets generally, such as adverse European economic and financial conditions related to sovereign debt

issues in certain countries, and concerns regarding the European Union or geopolitical or military crises.

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Financial market conditions and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of one or more series of the Notes.

As a result of one or more of those factors, Notes that an investor purchases, whether in this offering or in the secondary market, may trade at a discount to the price that the investor paid for such Notes.

*There are potential conflicts of interest between investors in the Notes and the quotation agent.*

AIG Markets, Inc., our subsidiary, will serve as the quotation agent in connection with any redemption of the Notes. The quotation agent will determine the redemption price of the Notes. The quotation agent will exercise discretion and judgment in performing these duties. Absent manifest error, all determinations of the quotation agent will be final and binding on investors, without any liability on our part. The exercise of this discretion by the quotation agent could adversely affect the redemption price of the Notes. Investors will not be entitled to any compensation from us for any loss suffered as a result of any determinations by the quotation agent, even though the quotation agent may have a conflict of interest at the time of such determinations.

*If we cannot maintain our current credit and financial strength ratings, it would have an adverse effect on our business, financial condition, results of operations and liquidity.*

Adverse ratings actions regarding our long-term debt ratings by the major rating agencies would require us to post additional collateral payments pursuant to, and/or permit the termination of, derivative transactions to which we and AIG Financial Products Corp. and AIG Trading Group Inc. and their respective subsidiaries (collectively, AIGFP ) are a party, which could adversely affect our business, our consolidated results of operations in a reporting period or our liquidity. Credit ratings estimate a company's ability to meet its obligations and may directly affect the cost and availability to that company of financing. In the event of further downgrades of two notches to our long-term senior debt ratings, we and AIGFP would be required to post additional collateral of \$267 million, and certain of our and AIGFP's counterparties would be permitted to elect early termination of contracts.

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**USE OF PROCEEDS**

The net proceeds to us from the sale of the Notes, after deduction of underwriting discounts and commissions and estimated offering expenses payable by us, are anticipated to be approximately \$1.988 billion.

Subsequent to this offering, AIG expects to take the following actions:

to use approximately \$1.5 billion of existing funds allocated to the MIP to pay down all the AIA SPV Preferred Interests; and

in exchange, to allocate to the MIP a greater amount of assets, which may include (subject to certain regulatory and third-party approvals) AIG's remaining interests in ML III and the \$1.6 billion in cash held in escrow to secure indemnities provided to MetLife, each of which will be released as security supporting the AIA SPV Preferred Interests upon the pay down in full.

AIG expects to use the proceeds of this offering to enhance the derisking of, and better match the assets and liabilities in, the MIP.

See AIG's Annual Report on Form 10-K for more information regarding the AIA SPV Preferred Interests and the MIP.

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The following table sets forth our cash and cash equivalents and our consolidated capitalization as of December 31, 2011:

on an actual basis; and

as adjusted to give effect to the offering of the Notes and does not reflect other transactions subsequent to December 31, 2011, see Use of Proceeds.

You should read the information in this table together with our consolidated financial statements and the related notes in our Annual Report on Form 10-K, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	<b>At December 31, 2011</b>	
	<b>Actual</b>	<b>As Adjusted for</b>
	<b>(In millions, except share data)</b>	
	<b>\$</b>	<b>\$</b>
Cash	1,474	1,962
Redeemable noncontrolling interests Nonvoting, callable, junior preferred interests held by Department of the Treasury	\$ 8,427	\$ 6,927
<b>Debt:</b>		
<b>Debt issued or guaranteed by AIG:</b>		
Notes and bonds payable	\$ 13,023	\$ 13,023
Junior Subordinated Debt	9,327	9,327
Other	1,573	1,573
<b>Borrowings supported by assets:</b>		
<b>MIP notes payable</b>		
2015 Notes		750
2017 Notes		1,250
Other	10,147	10,147
Series AIGFP matched notes and bonds payable	3,807	3,807
Other	10,766	10,766
<b>Debt not guaranteed by AIG:</b>		
International Lease Finance Corporation	24,364	24,364
Other	2,246	2,246
<b>Total debt</b>	<b>75,253</b>	<b>77,253</b>
<b>Shareholders' equity:</b>		
Common stock, \$2.50 par value; 5,000,000,000 shares authorized; shares issued: 1,906,568,099	4,766	4,766
Treasury stock, at cost; 9,746,617 shares of common stock	(942)	(942)
Additional paid-in capital	81,787	81,787
Retained earnings	14,332	14,332
Accumulated other comprehensive income	5,008	5,008
<b>Total AIG shareholders' equity</b>	<b>104,951</b>	<b>104,951</b>
Non-redeemable noncontrolling interests	855	855
<b>Total equity</b>	<b>105,806</b>	<b>105,806</b>



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Total capitalization	\$ 181,059	\$ 183,059
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- (a) The as-adjusted column reflects net proceeds of approximately \$1.988 billion, after deduction of underwriting discounts and commissions and estimated offering expenses payable by AIG, and assumes that AIG will use approximately \$1.5 billion of existing funds allocated to the MIP to pay down the AIA SPV Preferred Interests.

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### **DESCRIPTION OF THE NOTES**

We have summarized below certain terms of the 3.000% Notes Due 2015 (the 2015 Notes ) and the 3.800% Notes Due 2017 (the 2017 Notes ), which we refer to in this prospectus supplement collectively as the Notes. This summary supplements and amends the general description of the Notes contained in the accompanying prospectus. Any information regarding the Notes contained in this prospectus supplement that is inconsistent with information in the accompanying prospectus will apply and will supersede any inconsistent information in the accompanying prospectus.

You should refer to the Indenture, dated as of October 12, 2006, between us and The Bank of New York Mellon, as trustee, as supplemented by the Fourth Supplemental Indenture, dated as of April 18, 2007, and the Eighth Supplemental Indenture, dated as of December 3, 2010, and as further supplemented by the Sixteenth Supplemental Indenture and the Seventeenth Supplemental Indenture, with respect to each series of the Notes, respectively, each to be dated March 22, 2012. The Indenture, as so supplemented, is referred to as the Indenture in this prospectus supplement. The Indenture, including those supplemental indentures, have been filed as an exhibit to the registration statement or an exhibit to our Current Report on Form 8-K filed on December 6, 2010, or will be filed as an exhibit to our Current Report on Form 8-K relating to this offering. The following summary, together with the descriptions in the accompanying prospectus, of certain provisions of the Notes and the Indenture does not purport to be complete and is subject, and qualified in its entirety by reference, to all of the provisions of the Notes and the Indenture, including the definitions of terms therein. See Where You Can Find More Information in this prospectus supplement and the accompanying prospectus for details on how you may obtain a copy of the Indenture from us.

Each of the 2015 Notes and the 2017 Notes will be issued as a separate series of the debt securities under the Indenture, as described herein and in the accompanying prospectus.

#### **General**

Each series of the Notes will be issued in fully registered form without interest coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof and will be represented by global Notes (as defined below) registered in the name of The Depository Trust Company ( DTC ) or its nominee.

The Notes will be unsecured obligations of AIG and will rank equally with all of our other existing and future unsecured indebtedness. The Notes will be effectively subordinated to our secured limited recourse obligations in respect of the pay down of the AIA SPV Preferred Interests, to the extent of the assets securing those obligations; however, AIG expects to pay down the AIA SPV Preferred Interests in full subsequent to this offering. See Risk Factors The Notes are our unsecured debt and will be effectively subordinated to any secured obligations we may incur, including our secured limited recourse indebtedness. in this prospectus supplement for additional information on this risk. In addition, the Notes will be structurally subordinated to all future and existing obligations of our subsidiaries, which is significant. See Risk Factors We and our subsidiaries have significant leverage and debt obligations, payments on the Notes will depend on receipt of dividends and distributions from our subsidiaries, and the Notes will be structurally subordinated to the existing and future indebtedness of our subsidiaries. in this prospectus supplement for additional information on this risk.

The 2015 Notes will be issued in an aggregate principal amount of \$750,000,000. The 2017 Notes will be issued in an aggregate principal amount of \$1,250,000,000. We may, without the consent of the holders of the Notes of a series, increase the principal amount of the Notes of such series by issuing additional notes on the same terms and conditions (except that the issue price and issue date may vary) and with the same CUSIP numbers, ISIN and common code as the Notes of such series being offered by this prospectus supplement. The Notes of such series being offered by this prospectus supplement and any additional notes of the same series would rank equally and ratably and would be treated as a single class for all purposes of the Indenture.

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The 2015 Notes will mature on March 20, 2015. The 2017 Notes will mature on March 22, 2017. Principal of and interest on the Notes will be payable, and the Notes will be exchangeable and transferable, at our office or agency in The City of New York, which initially will be the corporate trust office of the trustee currently located at 101 Barclay Street, New York, New York 10286. No service charge will be made for any registration of transfer or exchange of the Notes, except for any tax or other governmental charge that may be imposed in connection therewith.

The Notes do not provide for any sinking fund or permit holders to require us to repurchase the Notes.

For so long as the Notes are in book-entry form, payments of principal and interest will be made in immediately available funds by wire transfer to DTC or its nominee. We may issue definitive Notes in the limited circumstances set forth in Book Entry System below.

Business Day for the purposes of the Notes means each Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

## **Interest**

The 2015 Notes will bear interest at the rate of 3.000% per annum, payable semi-annually in arrears on each March 20 and September 20, commencing on September 20, 2012, to holders of record on the immediately preceding March 1 and September 1. The 2017 Notes will bear interest at the rate of 3.800% per annum, payable semi-annually in arrears on each March 22 and September 22, commencing on September 22, 2012, to holders of record on the immediately preceding March 1 and September 1. Interest on each series of the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. On the maturity date of the Notes, holders will be entitled to receive 100% of the principal amount of the Notes plus accrued and unpaid interest, if any. If any interest payment date or the maturity date of the Notes falls on a day that is not a Business Day, we will make the required payment on the next succeeding Business Day, and no additional interest will accrue in respect of the payment made on that next succeeding Business Day.

## **Optional Redemption**

We will have the right to redeem the Notes of either series, in whole or in part, at any time, at a redemption price equal to the greater of:

100% of the principal amount of the Notes to be redeemed; and

as determined by the quotation agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date, on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the adjusted treasury rate, plus 35 basis points in relation to the 2015 Notes and 40 basis points in relation to the 2017 Notes, plus, in either case, accrued and unpaid interest thereon to, but excluding, the date of redemption.

The definitions of certain terms used in the paragraph above are listed below.

Adjusted treasury rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

Comparable treasury issue means the U.S. Treasury security selected by the quotation agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

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Comparable treasury price means, with respect to any redemption date, the average of the reference treasury dealer quotations for such redemption date.

Quotation agent means AIG Markets, Inc. or any other firm appointed by us, acting as quotation agent. AIG Markets, Inc. is our subsidiary.

Reference treasury dealer means:

each of J.P. Morgan Securities LLC, RBS Securities Inc. and a primary treasury dealer (as defined below) selected by Wells Fargo Securities, LLC or the respective successor of any of them; provided, however, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a primary treasury dealer), we will substitute therefor another primary treasury dealer; and

any other primary treasury dealer selected by the quotation agent after consultation with us.

Reference treasury dealer quotations means with respect to each reference treasury dealer and any redemption date, the average, as determined by the quotation agent, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to the quotation agent by such reference treasury dealer at 3:30 p.m. on the third Business Day preceding such redemption date.

All calculations made by the quotation agent for the purposes of calculating the redemption price of the Notes shall be conclusive and binding on the holders of the Notes, the trustee and us, absent manifest error. See Risk Factors There are potential conflicts of interest between investors in the Notes and the quotation agent.

If less than all of the Notes of either series are to be redeemed at any time, selection of the Notes of such series for redemption will be made by the trustee on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate, provided that the Notes of such series with a principal amount of \$2,000 will not be redeemed in part.

We will give to DTC a notice of redemption at least 30 but not more than 60 days before the redemption date. If either series of Notes is to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. A new Note of such series in a principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. Notice by DTC to its participants and by participants to street name holders of indirect interests in the Notes will be made according to arrangements among them and may be subject to statutory or regulatory requirements. The redemption may be conditioned upon the occurrence of one or more conditions precedent.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes of such series or portions thereof called for redemption. If a redemption date falls on a day that is not a Business Day, we will make the required payment on the next succeeding Business Day, and no additional interest will accrue in respect of the payment made on that next succeeding Business Day.

### **Limitation on Liens Covenant**

We have made a covenant with respect to the Notes of each series that we will not and will not permit any Designated Subsidiary (as defined below) to, directly or indirectly, create, issue, assume, incur or guarantee any indebtedness for money borrowed (other than non-recourse indebtedness) which is secured by a mortgage, pledge, lien, security interest or other encumbrance of any nature on any of the present or future voting stock of a Designated Subsidiary unless the Notes and, if we so elect, any of our other indebtednesses ranking at least pari passu with the Notes, are secured equally and ratably with (or prior to) such other secured indebtedness. For purpose of this covenant, Designated Subsidiary means American Home Assurance Company, National Union Fire Insurance Company of Pittsburgh, Pa., and any subsidiary the assets of which exceed 20% of our

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consolidated assets, to be determined as of the last day of the most recent calendar quarter ended at least 30 days prior to the date of such determination and in accordance with generally accepted accounting principles as in effect on the last day of such calendar quarter. As of December 31, 2011, SunAmerica Financial Group, Inc., AIUH LLC, Chartis Inc. and Chartis U.S., Inc. had assets that exceeded 20% of our consolidated assets.

Other than the covenant described above and the provisions described under Description of Debt Securities AIG May Offer Special Situations Mergers and Similar Transactions in the accompanying prospectus, the Indenture or the Notes do not contain other provisions that afford holders of Notes of either series protection in the event we:

engage in a change of control transaction;

subject to the covenant discussed above, issue secured debt or secure existing unsecured debt;

issue debt securities or otherwise incur additional unsecured indebtedness or other obligations;

purchase or redeem or make any payments in respect of capital stock or other securities ranking junior in right of payment to the Notes;

sell assets;

enter into transactions with related parties, including Treasury; or

conduct other similar transaction that may adversely affect the holders of the Notes.

See Risk Factors The terms of the Notes contain limited protection for holders of the Notes for a further discussion of the limited protections provided to holders of the Notes.

## **Defeasance**

The defeasance provisions of the Indenture will apply to the Notes. See Description of Debt Securities AIG May Offer Defeasance beginning on page 8 in the accompanying prospectus.

## **Governing Law**

The Indenture and the Notes of each series will be governed by, and construed in accordance with, the laws of the State of New York.

## **Book-Entry System**

The Notes of each series will be issued in the form of one or more global certificates, which are referred to as global Notes, registered in the name of DTC or its nominee. Purchasers of the Notes may hold beneficial interests in the global Notes of the applicable series through DTC, or through the accounts that Clearstream Banking, S.A. ( Clearstream ) and Euroclear Bank S.A./N.V. ( Euroclear ) maintain as participants in DTC. For more information concerning DTC and its book-entry system as well as Clearstream and Euroclear, see Legal Ownership and Book-Entry Issuance in the accompanying prospectus.

Notes of a series represented by global Notes will be exchangeable for Note certificates representing Notes of such series, registered in the names of owners of beneficial interests in the global Notes of such series, with the same terms and in authorized denominations, only if:

the depositary notifies us that it is unwilling, unable or no longer permitted under applicable law to continue as depositary for the global Notes of such series, and we do not appoint another institution to act as depositary within 90 days;

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we notify the trustee that we wish to terminate the global Notes of such series; or

an event of default has occurred with regard to the Notes of such series and has not been cured or waived.

In any such instance, an owner of a beneficial interest in the global Notes of such series will be entitled to physical delivery of the Notes represented by the global Notes of such series equal in principal amount to that beneficial interest and to have those Notes registered in its name. Notes of such series so issued will be in definitive registered form, in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Notes of such series so registered can be transferred by presentation for registration of transfer to the transfer agent at its New York office and must be duly endorsed by the holder or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer in form satisfactory to us or the trustee duly executed by the holder or its attorney duly authorized in writing. We may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of definitive Notes of such series.

If a global Note of either series is terminated, only DTC, as depositary, and not we or the trustee, is responsible for deciding the names of the persons in whose names the Notes delivered in exchange will be registered and, therefore, who will be the holders of those Notes.

**Concerning the Trustee**

The Bank of New York Mellon will initially be the trustee under the Indenture and also the paying agent and the transfer agent and registrar for each series of the Notes. We have entered, and from time to time may continue to enter, into banking or other relationships with The Bank of New York Mellon or its affiliates. See Description of Debt Securities AIG May Offer Our Relationship with the Trustee beginning on page 11 in the accompanying prospectus.

**Table of Contents****UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement, dated the date of this prospectus supplement, the underwriters named below, for whom J.P. Morgan Securities LLC, RBS Securities Inc., U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the principal amount of each series of Notes set forth opposite their names below:

<b>Underwriters</b>	<b>Principal Amount of 2015 Notes</b>	<b>Principal Amount of 2017 Notes</b>
J.P. Morgan Securities LLC	\$ 150,000,000	\$ 250,000,000
RBS Securities Inc.	150,000,000	250,000,000
U.S. Bancorp Investments, Inc.	150,000,000	250,000,000
Wells Fargo Securities, LLC	150,000,000	250,000,000
ANZ Securities, Inc.	13,637,000	22,728,000
CastleOak Securities, L.P.	13,637,000	22,728,000
Drexel Hamilton, LLC	13,637,000	22,728,000
ING Financial Markets LLC	13,637,000	22,727,000
Lloyds Securities Inc.	13,636,000	22,727,000
Mizuho Securities USA Inc.	13,636,000	22,727,000
nabSecurities, LLC	13,636,000	22,727,000
Scotia Capital (USA) Inc.	13,636,000	22,727,000
SMBC Nikko Capital Markets Limited	13,636,000	22,727,000
Standard Chartered Bank	13,636,000	22,727,000
The Williams Capital Group, L.P.	13,636,000	22,727,000
<b>Total</b>	<b>\$ 750,000,000</b>	<b>\$ 1,250,000,000</b>

The underwriting agreement provides that the obligations of the underwriters to purchase the Notes included in this offering are subject to certain conditions precedent. The underwriters are committed to take and pay for all the Notes being offered, if any are taken.

We have been advised by the representatives of the underwriters that the Notes of each series sold by the underwriters to the public will initially be offered at the respective price set forth on the cover of this prospectus supplement. Any Notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to 0.15% of the principal amount of the 2015 Notes and up to 0.25% of the principal amount of the 2017 Notes. Any such securities dealers may resell any Notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to 0.025% of the principal amount of the 2015 Notes and up to 0.20% of the principal amount of the 2017 Notes. After the initial offering of the Notes to the public, the underwriters may from time to time change the public offering price and other selling terms.

The following table shows the per Note and total underwriting discounts and commissions to be paid to the underwriters by us. The per Note discount is expressed as a percentage of the principal amount of the Notes.

Per 2015 Note	0.250%
Total	\$ 1,875,000
Per 2017 Note	0.400%
Total	\$ 5,000,000

The Notes of each series are a new issue of securities with no established trading market. We do not intend to list the Notes of either series on any national securities exchange or to include the Notes of either series in any automated quotation system. We cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. We have been advised by the underwriters that the underwriters intend





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to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for either series of Notes. See Risk Factors The trading market for the Notes may be limited and you may be unable to sell your Notes at a price that you deem sufficient. for a further discussion of this risk.

The underwriters intend to offer the Notes for sale primarily in the United States either directly or through affiliates or other dealers acting as selling agents. The underwriters may also offer the Notes for sale outside the United States either directly or through affiliates or other dealers acting as selling agents. Standard Chartered Bank will not effect any offers or sales of any Notes in the United States unless through one or more U.S. registered broker-dealers as permitted by the regulations of the Financial Industry Regulatory Authority.

In order to facilitate the offering of each series of Notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of either series of Notes. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in a series of Notes for their own account. In addition, to cover over-allotments or to stabilize the price of either series of Notes, the underwriters may bid for, and purchase, such Notes on the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing either series of Notes in the offering, if the syndicate repurchases previously distributed Notes of such series in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of each series of Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

We estimate that total out-of-pocket expenses of this offering payable by us, excluding underwriting discounts and commissions, will be approximately \$1,000,000.

We have agreed to indemnify the several underwriters against, and to contribute toward, certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Certain of the underwriters and their respective affiliates have rendered and may in the future render various investment banking, lending and commercial banking services and other advisory services to us and our subsidiaries. Certain of these relationships involve transactions that are material to us and our affiliates and for which those underwriters received significant fees. Certain of the underwriters have received, and may in the future receive, customary compensation from us and our subsidiaries for such services.

As previously announced, we have been conducting a comprehensive review of our dealings with the counterparties with which we did securities and related business before and during the recent financial crisis to determine if those counterparties harmed us by their conduct. These counterparties include a large number of financial institutions, including many of the underwriters and various of their affiliates. In connection with this review, we have entered into agreements with a number of such counterparties, including certain of the joint book-running managers, tolling the statute of limitations in respect of certain claims we may have against those counterparties and, in some cases, that the counterparties may have against us.

## **Selling Restrictions**

No action has been or will be taken by us that would permit a public offering of Notes of either series, or possession or distribution of this prospectus supplement or the accompanying prospectus or any other offering or publicity material relating to Notes of either series, in any country or jurisdiction outside the United States where, or in any circumstances in which, action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this prospectus supplement, the accompanying prospectus and any other offering or publicity material relating to any of the Notes may not be distributed or published, in or from any country or jurisdiction outside the United States except under circumstances that will result in compliance with applicable laws and regulations.

## ***European Economic Area***

In relation to each Member State of the European Economic Area ( EEA ) which has implemented the Prospectus Directive (each, a Relevant Member State ), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member

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State (the Relevant Implementation Date ) it has not made and will not make an offer of either series of Notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by AIG for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for AIG to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public , or any similar expression, in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

### ***United Kingdom***

Each underwriter has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ( FSMA )) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to each series of the Notes in, from or otherwise involving the United Kingdom.

### ***Hong Kong***

Each underwriter has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell either series of the Notes by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and
- (b) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to either series of the Notes, which advertisement, invitation or document relating to such Notes is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong

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(except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

### ***Japan***

None of the Notes has been or will be registered under the Financial Instruments and Exchange Act of Japan (the Financial Instruments and Exchange Act ) and each underwriter has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Singapore***

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each underwriter has represented and agreed that (a) it has not circulated or distributed and will not circulate or distribute this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of either series of the Notes, (b) has not offered or sold and will not offer or sell either series of the Notes, and (c) has not made and will not make either series of the Notes to be the subject of an invitation for subscription or purchase, whether directly or indirectly, in each of the cases of (a) to (c), to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA ), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4(A) of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; or (4) as specified in Section 276(7) of the SFA.

### **Notice to United Kingdom and European Union Investors**

This prospectus supplement and the accompanying prospectus are only being distributed to and are only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order ) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as relevant persons ). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus supplement or any of its contents. Persons distributing this document must satisfy themselves that it is lawful to do so.

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In any EEA Member State that has implemented Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive (or Directive 2010/73/EU), to the extent implemented in any Member State, together with any applicable implementing measures in any Member State, the Prospectus Directive ), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of Notes in any Member State of the European Economic Area ( EEA ) which has implemented the Prospectus Directive (each, a Relevant Member State ) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus supplement for offers of Notes. Accordingly any person making or intending to make any offer in that Relevant Member State of Notes which are the subject of the placement contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for AIG or any of the underwriters to publish a prospectus supplement pursuant to Article 3 of the Prospectus Directive or supplement a prospectus supplement pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of AIG or the underwriters has authorized, nor do they authorize, the making of any offer of any Notes in circumstances in which an obligation arises for AIG or the underwriters to publish or supplement a prospectus supplement for such offer.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires, any Notes in the offering contemplated in this prospectus supplement will be deemed to have represented, warranted and agreed to and with each of the Joint Book-Running Managers, each of the other underwriters and AIG that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes acquired by it in the offer hereby have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the underwriters has been given to the offer or resale; or (ii) where the Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an offer in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

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**VALIDITY OF THE NOTES**

The validity of the Notes will be passed upon for us by Sullivan & Cromwell LLP, New York, New York, and for the underwriters by Cleary Gottlieb Steen & Hamilton LLP, New York, New York. Cleary Gottlieb Steen & Hamilton LLP has from time to time provided, and may provide in the future, legal services to AIG and its affiliates.

**EXPERTS**

The consolidated financial statements, the financial statement schedules and management's assessment of the effectiveness of internal control over financial reporting incorporated into this prospectus supplement by reference to AIG's Annual Report on Form 10-K for the year ended December 31, 2011, have been so incorporated in reliance upon the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of AIA Group Limited incorporated into this prospectus supplement by reference to AIG's Amendment No. 1 on Form 10-K/A have been so incorporated in reliance upon the report of PricewaterhouseCoopers, independent accountants, given on the authority of said firm as experts in auditing and accounting.

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**PROSPECTUS**

# **American International Group, Inc.**

## **Debt Securities**

## **Common Stock**

## **Preferred Stock**

## **Depositary Shares**

American International Group, Inc. (AIG) may offer to sell senior debt securities, common stock or preferred stock, either separately or represented, in the case of preferred stock, by depositary shares. Any series of debt securities or preferred stock may be convertible into or exercisable or exchangeable for common stock or another series of preferred stock or other securities of AIG or debt or equity securities of one or more other entities. AIG may offer and sell debt securities, common stock or preferred stock, or in the case of the preferred stock, depositary shares from time to time in amounts, at prices and on terms that will be determined at the time of the applicable offering. AIG's common stock is listed on the New York Stock Exchange and trades under the symbol AIG.

AIG may issue all or a portion of the debt securities in the form of one or more permanent global certificates. The common stock and preferred stock will be issued in direct registration form on the books and records of AIG.

The United States Department of the Treasury, as a selling shareholder, may use this prospectus in connection with its resale of shares of common stock from time to time in amounts, at prices and on terms that will be determined at the time of the applicable offering. Information about the selling shareholder and its resale of shares of common stock, including the relationship between the selling shareholder and AIG and the amounts, prices and other terms of the applicable offering, will be included in the applicable prospectus supplement.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be described in a supplement to this prospectus. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

**Investing in the securities involves certain risks. See Risk Factors referred to on page 1 to read about certain factors you should consider before buying the securities.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

AIG may offer and sell these securities directly to or through one or more underwriters, dealers and agents, or directly to purchasers, on an immediate, continuous or delayed basis.

**The date of this prospectus is April 5, 2011.**

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Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to the Company, AIG, we, our, us and similar references mean American International Group, Inc. and its subsidiaries.

**AIG is responsible only for the information contained in this prospectus, any prospectus supplement, the documents incorporated by reference in this prospectus and any related free writing prospectus issued or authorized by AIG. Neither AIG nor the selling shareholder has authorized anyone to provide you with any other information, and AIG and the selling shareholder take no responsibility for any other information that others may give you. AIG is offering to sell the securities, and the selling shareholder is offering to sell shares of common stock, only under the circumstances and in jurisdictions where offers and sales are permitted. The information contained in this prospectus and in the documents incorporated herein by reference is accurate only as of the date on the front of those documents, regardless of the time of delivery of those documents or any sale of the securities.**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This prospectus and other publicly available documents, including the documents incorporated herein by reference, may include, and AIG's officers and representatives may from time to time make projections and statements which may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These projections and statements are not historical facts but instead represent only AIG's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG's control. These projections and statements may address, among other things:

the timing of the disposition of the ownership position of the United States Department of the Treasury ( Treasury ) in AIG;

the timing and method of repayment of the preferred interests in AIA Aurora LLC held by Treasury;



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AIG's exposures to subprime mortgages, monoline insurers and the residential and commercial real estate markets;

AIG's credit exposures to state and municipal bond issuers;

AIG's strategy for risk management;

AIG's ability to retain and motivate its employees; and

AIG's strategy for customer retention, growth, product development, market position, financial results and reserves. It is possible that AIG's actual results and financial condition will differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements include:

actions by credit rating agencies;

changes in market conditions;

the occurrence of catastrophic events;

significant legal proceedings;

concentrations in AIG's investment portfolios, including its municipal bond portfolio;

judgments concerning casualty insurance underwriting and reserves;

judgments concerning the recognition of deferred tax assets; and

such other factors as are discussed throughout Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in Part I, Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2010.

AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projection or other statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

**WHERE YOU CAN FIND MORE INFORMATION**

AIG is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and files with the Securities and Exchange Commission (the SEC) proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as required of a U.S. listed company. You may read and copy any document AIG files at the SEC's public reference room in Washington, D.C. at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information

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on the public reference rooms. AIG's SEC filings are also available to the public through:

The SEC's website at [www.sec.gov](http://www.sec.gov)

The New York Stock Exchange, 20 Broad Street, New York, New York 10005  
AIG's common stock is listed on the NYSE and trades under the symbol AIG.

AIG has filed with the SEC a registration statement on Form S-3 relating to the securities. This prospectus is part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document, please be aware that the reference is not necessarily complete and that you should refer to the exhibits that are part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C. as well as through the SEC's internet site noted above.

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The SEC allows AIG to incorporate by reference the information AIG files with the SEC (other than information that is deemed furnished to the SEC) which means that AIG can disclose important information to you by referring to those documents, and later information that AIG files with the SEC will automatically update and supersede that information as well as the information contained in this prospectus. AIG incorporates by reference the documents listed below and any filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Exchange Act until all the securities are sold (except for information in these documents or filings that is deemed furnished to the SEC):

(1) Annual Report on Form 10-K for the year ended December 31, 2010 and Amendment No. 1 on Form 10-K/A, filed on March 31, 2011.

(2) Current Reports on Form 8-K filed on January 7, 2011, January 12, 2011, January 14, 2011, January 24, 2011, February 9, 2011, February 14, 2011, February 24, 2011, February 25, 2011, March 2, 2011, March 3, 2011, March 9, 2011, March 10, 2011, March 31, 2011 and April 1, 2011.

(3) The definitive proxy statement on Schedule 14A filed on April 4, 2011, and the definitive additional materials on Schedule 14A filed on April 4, 2011.

(4) The description of common stock in the registration statement on Form 8-A, dated September 20, 1984, filed pursuant to Section 12(b) of the Exchange Act.

AIG will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon his or her written or oral request, a copy of any or all of the reports or documents referred to above that have been incorporated by reference into this prospectus excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You can request those documents from AIG's Investor Relations Department, 180 Maiden Lane, New York, New York 10038, telephone 212-770-6293, or you may obtain them from AIG's corporate website at [www.aigcorporate.com](http://www.aigcorporate.com). Except for the documents specifically incorporated by reference into this prospectus, information contained on AIG's website or that can be accessed through its website does not constitute a part of this prospectus. AIG has included its website address only as an inactive textual reference and does not intend it to be an active link to its website.

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**ABOUT AMERICAN INTERNATIONAL GROUP, INC.**

AIG, a Delaware corporation, is a holding company which, through its subsidiaries, is engaged in a broad range of insurance and insurance-related activities in the United States and abroad. AIG's principal executive offices are located at 180 Maiden Lane, New York, New York 10038, and its main telephone number is (212) 770-7000. The Internet address for AIG's corporate website is [www.aigcorporate.com](http://www.aigcorporate.com). Except for the documents referred to under "Where You Can Find More Information" which are specifically incorporated by reference into this prospectus, information contained on AIG's website or that can be accessed through its website does not constitute a part of this prospectus. AIG has included its website address only as an inactive textual reference and does not intend it to be an active link to its website.

**RISK FACTORS**

Before investing in any securities offered hereby, you should consider carefully each of the risk factors set forth in Part I, Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2010 (see "Where You Can Find More Information" in this prospectus).

**USE OF PROCEEDS**

Unless otherwise indicated in any prospectus supplement, AIG intends to use the net proceeds from the sale of any securities for general corporate purposes.

AIG will not receive any proceeds from the sale of shares of common stock by the selling shareholder.

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**DESCRIPTION OF DEBT SECURITIES AIG MAY OFFER**

References to AIG, us, we or our in this section mean American International Group, Inc. and do not include the subsidiaries of American International Group, Inc. Also, in this section, references to holders mean those who own debt securities registered in their own names, on the books that we or the applicable trustee maintain for this purpose, and not those who own beneficial interests in debt securities registered in street name or in debt securities issued in book-entry form through one or more depositaries. When we refer to you in this prospectus, we mean all purchasers of the securities being offered by this prospectus, whether they are the holders or only indirect owners of those securities.

**Debt Securities Will Be Senior and Unsecured**

The senior debt securities will not be subordinated to any of our other obligations or be secured by any of our property or assets or the property or assets of our subsidiaries. Thus, by owning a debt security, you are one of our unsecured creditors.

The senior debt securities will be issued under our senior debt indenture described below and will rank equally with all of our other unsecured and unsubordinated debt.

**The Senior Debt Indenture**

The senior debt securities are governed by a document called an indenture the senior debt indenture. The senior debt indenture is a contract between AIG and The Bank of New York Mellon, which acts as trustee.

**The trustee has two main roles:**

1. The trustee can enforce the rights of holders against us if we default on our obligations under the terms of the senior debt indenture or the debt securities. There are some limitations on the extent to which the trustee acts on behalf of holders, described below under Events of Default Remedies If an Event of Default Occurs.
2. The trustee performs administrative duties for us, such as sending interest payments and notices to holders, and transferring a holder's debt securities to a new buyer if a holder sells.

The senior debt indenture and its associated documents contain the full legal text of the matters described in this section. The senior debt indenture and the debt securities are governed by New York law. A copy of the senior debt indenture is an exhibit to our registration statement. See Where You Can Find More Information above for information on how to obtain a copy.

**General**

We may issue as many distinct series of debt securities under the senior debt indenture as we wish. The provisions of the senior debt indenture allow us not only to issue debt securities with terms different from those previously issued but also to reopen a previous issue of a series of debt securities and issue additional debt securities of that series. We may issue debt securities in amounts that exceed the total amount specified on the cover of your prospectus supplement at any time without your consent and without notifying you.

This section summarizes the material terms of the debt securities that are common to all series, although the prospectus supplement which describes the terms of each series of debt securities may also describe differences from the material terms summarized here.

Because this section is a summary, it does not describe every aspect of the debt securities. This summary is subject to and qualified in its entirety by reference to all the provisions of the senior debt indenture, including

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definitions of certain terms used in the senior debt indenture. In this summary, we describe the meaning of only some of the more important terms. For your convenience, we also include references in parentheses to certain sections of the senior debt indenture. Whenever we refer to particular sections or defined terms of the senior debt indenture in this prospectus or in the prospectus supplement, such sections or defined terms are incorporated by reference here or in the prospectus supplement. You must look to the senior debt indenture for the most complete description of what we describe in summary form in this prospectus.

This summary also is subject to and qualified by reference to the description of the particular terms of your series described in the prospectus supplement. Those terms may vary from the terms described in this prospectus. The prospectus supplement relating to each series of debt securities will be attached to the front of this prospectus. There may also be a further prospectus supplement, known as a pricing supplement, which contains the precise terms of debt securities you are offered.

We may issue the debt securities as original issue discount securities, which will be offered and sold at a substantial discount below their stated principal amount. (Section 101) The prospectus supplement relating to the original issue discount securities will describe federal income tax consequences and other special considerations applicable to them. The debt securities may also be issued as indexed securities or securities denominated in foreign currencies or currency units, as described in more detail in the prospectus supplement relating to any of the particular debt securities. Some of the risks associated with such debt securities are described below under **Considerations Relating to Indexed Debt Securities and Non-U.S. Dollar Debt Securities**. The prospectus supplement relating to specific debt securities will also describe certain additional tax considerations applicable to such debt securities.

In addition, the specific financial, legal and other terms particular to a series of debt securities will be described in the prospectus supplement and, if applicable, a pricing supplement relating to the series. The prospectus supplement relating to a series of debt securities will describe the following terms of the series:

the title of the series of debt securities;

any limit on the aggregate principal amount of the series of debt securities;

the person to whom interest on a debt security is payable, if other than the holder on the regular record date;

the date or dates on which the series of debt securities will mature;

the rate or rates, which may be fixed or variable per annum, at which the series of debt securities will bear interest, if any, and the date or dates from which that interest, if any, will accrue;

the place or places where the principal of and any premium and interest on the debt securities is payable;

the dates on which interest, if any, on the series of debt securities will be payable and the regular record dates for the interest payment dates;

any mandatory or optional sinking funds or similar provisions or provisions for redemption at the option of AIG;

the date, if any, after which and the price or prices at which the series of debt securities may, in accordance with any optional or mandatory redemption provisions, be redeemed and the other detailed terms and provisions of those optional or mandatory redemption provisions, if any;

if the debt securities may be converted into or exercised or exchanged for our common stock or preferred stock or other of our securities or the debt or equity securities of third parties, the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the holder or at our option, the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of common stock or preferred stock or other securities or the debt or equity securities of third parties issuable upon conversion, exercise or exchange may be adjusted;

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if other than denominations of \$1,000 and any integral multiples thereof, the denominations in which the series of debt securities will be issuable;

if other than U.S. dollars, the currency of payment of principal and any premium and interest on debt securities of the series;

if the currency of payment for principal and any premium and interest on the series of debt securities is subject to our election or that of a holder, the currency or currencies in which payment can be made and the period within which, and the terms and conditions upon which, the election can be made;

any index used to determine the amount of payment of principal or any premium or interest on the series of debt securities;

any covenants we make for the benefit of the series of debt securities;

the applicability of the provisions described under **Defeasance** below;

any event of default under the series of debt securities if different from those described under **Events of Default** below;

if the debt securities will be issued in bearer form, any special provisions relating to bearer securities that are not addressed in this prospectus;

if the series of debt securities will be issuable only in the form of a global security, the depositary or its nominee with respect to the series of debt securities and the circumstances under which the global security may be registered for transfer or exchange in the name of a person other than the depositary or the nominee; and

any other special feature of the series of debt securities.

An investment in debt securities may involve special risks, including risks associated with indexed securities and currency-related risks if the debt security is linked to an index or is payable in or otherwise linked to a non-U.S. dollar currency. We describe some of the risks associated with an investment in indexed securities and non-U.S. dollar securities below under **Considerations Relating to Indexed Debt Securities and Non-U.S. Dollar Debt Securities**.

**Overview of Remainder of this Description**

The remainder of this description summarizes:

**Additional Mechanics** relevant to the debt securities under normal circumstances, such as how holders transfer ownership and where we make payments;

Holders' rights in several **Special Situations**, such as if we merge with another company or if we want to change a term of the debt securities;



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Our right to release ourselves from all or some of our obligations under the debt securities and the senior debt indenture by a process called *Defeasance*; and

Holders' rights if we *Default* or experience other financial difficulties.  
Any covenants that apply to any series of the debt securities will be described in an applicable prospectus supplement.

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**Additional Mechanics**

**Form, Exchange and Transfer**

Unless we specify otherwise in the prospectus supplement, the debt securities will be issued:

only in fully registered form;

without interest coupons; and

in denominations of \$1,000 or integral multiples thereof. (Section 302)

If we issue a debt security in bearer form, the ownership provisions and considerations applicable to that security will be described in your prospectus supplement. Some of the features of the debt securities that we describe in this prospectus may not apply to bearer debt securities.

If a debt security is issued as a registered global debt security, only the depositary named in your prospectus supplement will be entitled to transfer and exchange the debt security as described in this subsection, since the depositary will be the sole holder of the debt security. Those who own beneficial interests in a global security do so through participants in the depositary's securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depositary and its participants. We describe book-entry procedures and the special provisions that apply to a registered global debt security, the depositary and its participants under Legal Ownership and Book-Entry Issuance.

Holders may have their debt securities broken into more debt securities of smaller denominations of not less than \$1,000 (or such integral multiple of \$1,000 as may be specified in the applicable prospectus supplement) or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed. (Section 305) This is called an exchange.

Holders may exchange or transfer debt securities at the office of the trustee. They may also replace lost, stolen or mutilated debt securities at that office. The trustee acts as our agent for registering debt securities in the names of holders and transferring debt securities. We may change this appointment to another entity or perform it ourselves. The entity performing the role of maintaining the list of registered holders is called the security registrar. It will also perform transfers. (Section 305) The transfer agent may require an indemnity before replacing any debt securities.

Holders will not be required to pay a service charge to transfer or exchange debt securities, but holders may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange will only be made if the security registrar is satisfied with your proof of ownership.

If we designate additional transfer agents, they will be named in the prospectus supplement. We may cancel the designation of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts. (Section 1002)

If the debt securities are redeemable and we redeem less than all of the debt securities of a particular series, we may block the transfer or exchange of debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of debt securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security being partially redeemed. (Section 305)

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The rules for exchange described above apply to exchange of debt securities for other debt securities of the same series and kind. If a debt security is convertible, exercisable or exchangeable into or for a different kind of security, such as one that we have not issued, or for other property, the rules governing that type of conversion, exercise or exchange will be described in the prospectus supplement.

### **Payment and Paying Agents**

We will pay interest to the person listed in the trustee's records at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the debt security on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is called the regular record date and will be stated in the prospectus supplement. (Section 307) Holders buying and selling debt securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered holder on the regular record date. The most common manner is to adjust the sale price of the securities to pro rate interest fairly between buyer and seller. This prorated interest amount is called accrued interest.

We will pay interest, principal and any other money due on the debt securities at the corporate trust office of the trustee in New York City. That office is currently located at 101 Barclay Street, New York, New York 10286. Holders must make arrangements to have their payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

### **BOOK-ENTRY AND OTHER INDIRECT HOLDERS SHOULD CONSULT THEIR BANKS, BROKERS OR OTHER FINANCIAL INSTITUTIONS FOR INFORMATION ON HOW THEY WILL RECEIVE PAYMENTS.**

We may also arrange for additional payment offices and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent or choose one of our subsidiaries to do so. We must notify holders of changes in the paying agents for any particular series of debt securities. (Section 1002)

### **Notices**

We and the trustee will send notices regarding the debt securities only to holders, using their addresses as listed in the trustee's records. (Sections 101 and 106) We discuss legal ownership of debt securities held in book-entry form below under Legal Ownership and Book-Entry Issuance.

Regardless of who acts as paying agent, all money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to holders will be repaid to us. After that two-year period, holders may look to us for payment and not to the trustee or any other paying agent. (Section 1003)

### **Special Situations**

#### **Mergers and Similar Transactions**

We are generally permitted to consolidate or merge with another company or firm. We are also permitted to sell or lease our properties and assets substantially as an entirety to another company or firm. However, we may not take any of these actions unless all the following conditions are met:

When we merge or consolidate out of existence or sell or lease our properties and assets substantially as an entirety, the other company or firm may not be organized under a foreign country's laws that is, it

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must be a corporation, partnership or trust organized under the laws of a state of the United States or the District of Columbia or under federal law and it must agree to be legally responsible for the debt securities.

The merger, sale of assets or other transaction must not cause a default on the debt securities, and we must not already be in default (unless the merger or other transaction would cure the default). For purposes of this no-default test, a default would include an event of default that has occurred and not been cured. A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

If the conditions described above are satisfied with respect to any series of debt securities, we will not need to obtain the approval of the holders of those debt securities in order to merge or consolidate or to sell our assets. Also, these conditions will apply only if we wish to merge or consolidate with another entity or sell our properties and assets substantially as an entirety to another entity. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another entity, any transaction that involves a change of control but in which we do not merge or consolidate and any transaction in which we do not sell our properties and assets substantially as an entirety. It is possible that this type of transaction may result in a reduction in our credit rating, may reduce our operating results or may impair our financial condition. Holders of our debt securities, however, will have no approval right with respect to any transaction of this type.

## **Modification and Waiver of the Debt Securities**

There are four types of changes we can make to the senior debt indenture and the debt securities.

*Changes Requiring Approval of All Holders.* First, there are changes that cannot be made to the senior debt indenture or the debt securities without specific approval of each holder of a debt security affected in any material respect by the change under the indenture. Affected debt securities may be all or less than all of the debt securities issued under the senior debt indenture or all or less than all of the debt securities of a series. Following is a list of those types of changes:

change the stated maturity of the principal or interest on a debt security;

reduce any amounts due on a debt security;

reduce the amount of principal payable upon acceleration of the maturity of a debt security (including the amount payable on an original issue discount debt security) following a default;

change the place or currency of payment on a debt security;

impair a holder's right to sue for payment;

reduce the percentage of holders of debt securities whose consent is needed to modify or amend the senior debt indenture;

reduce the percentage of holders of debt securities whose consent is needed to waive compliance with certain provisions of the senior debt indenture or to waive certain defaults; or

modify any other aspect of the provisions dealing with modification and waiver of the senior debt indenture. (Section 902)

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*Changes Requiring a Majority Vote.* The second type of change to the senior debt indenture and the debt securities is the kind that requires a vote in favor by holders of debt securities owning not less than a majority of the principal amount of the particular series affected or, if so provided and to the extent permitted by the Trust Indenture Act, of particular debt securities affected thereby. Most changes fall into this category, except for

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clarifying changes and certain other changes that would not adversely affect in any material respect holders of the debt securities. (Section 901) We may also obtain a waiver of a past default from the holders of debt securities owning a majority of the principal amount of the particular series affected. However, we cannot obtain a waiver of a payment default or any other aspect of the senior debt indenture or the debt securities listed in the first category described above under **Changes Requiring Approval of All Holders** unless we obtain the individual consent of each holder to the waiver. (Section 513)

*Changes Not Requiring Approval.* The third type of change to the senior debt indenture and the debt securities does not require any vote by holders of debt securities. This type is limited to clarifications and certain other changes that would not adversely affect in any material respect holders of the debt securities. (Section 901)

We may also make changes or obtain waivers that do not adversely affect in any material respect a particular debt security, even if they affect other debt securities. In those cases, we do not need to obtain the approval of the holder of that debt security; we need only obtain any required approvals from the holders of the affected debt securities.

*Further Details Concerning Voting.* When taking a vote, we will use the following rules to decide how much principal amount to attribute to a debt security:

For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default.

For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that debt security described in the prospectus supplement.

For debt securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent. Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have given a notice of redemption and deposited or set aside in trust for the holders money for the payment or redemption of the debt securities. Debt securities will also not be eligible to vote if they have been fully defeased as described below under **Defeasance Full Defeasance**. (Section 1302)

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding debt securities that are entitled to vote or take other action under the senior debt indenture. In certain limited circumstances, the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for a vote or other action to be taken by holders of a particular series of debt securities that vote or action may be taken only by persons who are holders of outstanding debt securities of that series of debt securities on the record date. We or the trustee, as applicable, may shorten or lengthen the period during which holders may take action. (Section 104)

**BOOK-ENTRY AND OTHER INDIRECT HOLDERS SHOULD CONSULT THEIR BANKS, BROKERS OR OTHER FINANCIAL INSTITUTIONS FOR INFORMATION ON HOW APPROVAL MAY BE GRANTED OR DENIED IF WE SEEK TO CHANGE THE SENIOR DEBT INDENTURE OR THE DEBT SECURITIES OR REQUEST A WAIVER.**

### **Defeasance**

The following discussion of full defeasance and covenant defeasance will be applicable to each series of debt securities that is denominated in U.S. dollars and has a fixed rate of interest and will apply to other series of debt securities if we so specify in the prospectus supplement. (Section 1301)

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### **Full Defeasance**

If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from any payment or other obligations on the debt securities, called full defeasance, if we put in place the following other arrangements for holders to be repaid:

We must deposit in trust for the benefit of all holders of the debt securities a combination of money and notes or bonds of the U.S. government or a U.S. government agency or U.S. government-sponsored entity (the obligations of which are backed by the full faith and credit of the U.S. government) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates.

There must be a change in current U.S. federal tax law or an IRS ruling that lets us make the above deposit without causing the holders to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves. (Under current federal tax law, the deposit and our legal release from the obligations pursuant to the debt securities would be treated as though we took back your debt securities and gave you your share of the cash and notes or bonds deposited in trust. In that event, you could recognize gain or loss on the debt securities you give back to us.)

We must deliver to the trustee a legal opinion of our counsel confirming the tax law change described above. (Sections 1302 and 1304) If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment on the debt securities. You could not look to us for repayment in the unlikely event of any shortfall.

### **Covenant Defeasance**

Under current U.S. federal tax law, we can make the same type of deposit as described above and we will be released from the restrictive covenants under the debt securities that may be described in the prospectus supplement. This is called covenant defeasance. In that event, you would lose the protection of these covenants but would gain the protection of having money and U.S. government or U.S. government agency notes or bonds set aside in trust to repay the debt securities. In order to achieve covenant defeasance, we must do the following:

Deposit in trust for the benefit of all holders of the debt securities a combination of money and notes or bonds of the U.S. government or a U.S. government agency or U.S. government sponsored entity (the obligations of which are backed by the full faith and credit of the U.S. government) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates.

Deliver to the trustee a legal opinion of our counsel confirming that under current U.S. federal income tax law we may make the above deposit without causing the holders to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves.

If we accomplish covenant defeasance, certain provisions of the senior debt indenture and the debt securities would no longer apply:

Covenants applicable to the series of debt securities and described in the prospectus supplement.

Any events of default relating to breach of those covenants.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit. In fact, if one of the remaining events of default occurred (such as a bankruptcy) and the debt securities become immediately due and payable, there may be such a shortfall. (Sections 1303 and 1304)





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### **Events of Default**

You will have special rights if an event of default occurs and is not cured, as described later in this subsection.

*What Is An Event of Default?* The term "Event of Default" means any of the following:

We do not pay the principal of or any premium on a debt security within 5 days of its due date.

We do not pay interest on a debt security within 30 days of its due date.

We do not deposit money in a separate account, known as a sinking fund, within 5 days of its due date.

We remain in breach of any covenant or warranty of the senior debt indenture for 60 days after we receive a notice of default stating we are in breach. The notice must be sent by either the trustee or holders of 25% of the principal amount of debt securities of the affected series.

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

Any other event of default described in the prospectus supplement occurs. (Section 501)

*Remedies If an Event of Default Occurs.* If an event of default occurs, the trustee will have special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the senior debt indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs. If an event of default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the debt securities of the affected series may declare the entire principal amount (or, in the case of original issue discount securities, the portion of the principal amount that is specified in the terms of the affected debt security) of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. However, a declaration of acceleration of maturity may be cancelled, but only before a judgment or decree based on the acceleration has been obtained, by the holders of at least a majority in principal amount of the debt securities of the affected series, provided that all other defaults have been cured and all payment obligations have been made current. (Section 502)

You should read carefully the prospectus supplement relating to any series of debt securities which are original issue discount securities for the particular provisions relating to acceleration of the maturity of a portion of the principal amount of original issue discount securities upon the occurrence of an event of default and its continuation.

Except in cases of default, where the trustee has the special duties described above, the trustee is not required to take any action under the senior debt indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability called an indemnity. (Section 603) If indemnity reasonably satisfactory to the trustee is provided, the holders of a majority in principal amount of the outstanding securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the senior debt indenture with respect to the debt securities of that series. (Section 512)

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities the following must occur:

The holder of the debt security must give the trustee written notice that an event of default has occurred and remains uncured;



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The holders of 25% in principal amount of all outstanding securities of the relevant series must make a written request that the trustee take action because of the default, and they must offer reasonable indemnity to the trustee against the costs, expenses and liabilities of taking that action; and

The trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity. (Section 507)  
However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date. (Section 508)

**BOOK-ENTRY AND OTHER INDIRECT HOLDERS SHOULD CONSULT THEIR BANKS, BROKERS OR OTHER FINANCIAL INSTITUTIONS FOR INFORMATION ON HOW TO GIVE NOTICE OR DIRECTION TO OR MAKE A REQUEST OF THE TRUSTEE AND TO MAKE OR CANCEL A DECLARATION OF ACCELERATION.**

We will give to the trustee every year a written statement of certain of our officers certifying that to their knowledge we are in compliance with the senior debt indenture and the debt securities, or else specifying any default. (Section 1004)

**Our Relationship with the Trustee**

The Bank of New York Mellon is one of our lenders and from time to time provides other banking services to us and our subsidiaries.

The Bank of New York Mellon serves as the trustee for our debt securities and our subordinated debt securities. Consequently, if an actual or potential event of default occurs with respect to either the debt securities offered by this prospectus or any series of subordinated debt securities, the trustee may be considered to have a conflicting interest for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign under one or more of the indentures and we would be required to appoint a successor trustee. For this purpose, a potential event of default means an event that would be an event of default if the requirements for giving us default notice or for the default having to exist for a specific period of time were disregarded.

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**DESCRIPTION OF COMMON STOCK**

References to **AIG**, **us**, **we** or **our** in this section mean American International Group, Inc. and do not include the subsidiaries of American International Group, Inc. Also, in this section, references to **holders** mean those who own common stock registered in their own names, on the books that we maintain for this purpose. When we refer to **you** in this section, we mean those who invest in the securities being offered by this prospectus.

AIG's authorized capital stock includes 5,000,000,000 shares of common stock (par value \$2.50 per share). As of March 18, 2011, there were 1,796,717,638 shares of common stock outstanding.

All of the outstanding shares of our common stock are fully paid and nonassessable. Subject to the prior rights of the holders of shares of preferred stock that may be issued and outstanding, the holders of common stock are entitled to receive:

dividends when, as and if declared by our board of directors out of funds legally available for the payment of dividends (AIG is subject to contractual restrictions on its ability to pay dividends); and

in the event of dissolution of AIG, to share ratably in all assets remaining after payment of liabilities and satisfaction of the liquidation preferences, if any, of then outstanding shares of preferred stock, as provided in AIG's amended and restated certificate of incorporation. Each holder of common stock is entitled to one vote for each share held of record on all matters presented to a vote at a shareholders meeting, including the election of directors. Holders of common stock have no cumulative voting rights or preemptive rights to purchase or subscribe for any additional shares of common stock or other securities, and there are no conversion rights or redemption or sinking fund provisions with respect to the common stock. Authorized but unissued shares of common stock may be issued without shareholder approval.

AIG has adopted direct company registration of its common stock. Holders of shares of common stock will not receive stock certificates evidencing their share ownership. Instead, they will be provided with a statement reflecting the number of shares registered in their accounts.

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**DESCRIPTION OF PREFERRED STOCK AND DEPOSITARY SHARES AIG MAY OFFER**

References to **AIG**, **us**, **we** or **our** in this section mean American International Group, Inc. and do not include the subsidiaries of American International Group, Inc. Also, in this section, references to **holders** mean those who own shares of preferred stock or depositary shares, as the case may be, registered in their own names, on the books that we maintain or, in the case of the depositary shares, the depositary maintains for this purpose. When we refer to **you** in this section, we mean those who invest in the securities being offered by this prospectus.

We may issue preferred stock in one or more series. We may also **reopen** a previously issued series of preferred stock and issue additional preferred stock of that series. This section summarizes terms of the preferred stock that apply generally to all series. The description of most of the financial and other specific terms of your series will be in your prospectus supplement. Those terms may vary from the terms described here.

Our authorized capital stock includes 100,000,000 shares of preferred stock, par value \$5.00 per share. The preferred stock will be governed by Delaware law. The prospectus supplement with respect to any offered preferred stock will include a description of the preferred stock that may be outstanding as of the date of the prospectus supplement.

The authorized but unissued shares of preferred stock are available for issuance from time to time at the discretion of our board of directors without shareholder approval. Our board of directors is authorized to divide the preferred stock into series and, with respect to each series, to determine the designations, the powers, preferences and rights and the qualifications, limitations and restrictions of the series, including:

dividend rights;

conversion or exchange rights;

voting rights;

redemption rights and terms;

liquidation preferences;

sinking fund provisions;

the serial designation of the series; and

the number of shares constituting the series.

In addition, as described below under **Fractional or Multiple Shares of Preferred Stock Issued as Depositary Shares**, we may, at our option, instead of offering whole individual shares of any series of preferred stock, offer depositary shares evidenced by depositary receipts. The rights of holders of preferred stock may be adversely affected by the rights of holders of existing preferred stock or preferred stock that may be issued in the future. Our board of directors may cause shares of preferred stock to be issued in public or private transactions for any proper corporate purpose.

Preferred stock will be fully paid and nonassessable when issued, which means that our holders will have paid their purchase price in full and that we may not ask them to surrender additional funds. Unless otherwise provided in your prospectus supplement, holders of preferred stock will not have preemptive or subscription rights to acquire more stock of AIG.

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All preferred stock will be issued in direct company registration form on the books and records of AIG. Purchasers of shares of preferred stock will be provided with a statement reflecting the number of shares registered in their accounts.

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**Fractional or Multiple Shares of Preferred Stock Issued as Depositary Shares**

If we issue depositary shares evidenced by depositary receipts instead of issuing whole individual shares of any series of preferred stock, each depositary share shall represent a fraction of a share or some multiple of shares of the particular series of preferred stock issued and deposited with a depositary. The fraction of a share or multiple of shares of preferred stock which each depositary share represents will be stated in the prospectus supplement relating to any series of preferred stock offered through depositary shares.

We will deposit the shares of preferred stock to be represented by depositary shares under a deposit agreement. The parties to the deposit agreement will be AIG, a bank or other financial institution selected by us and named in the prospectus supplement, as preferred stock depositary, and the holders from time to time of depositary receipts issued under that deposit agreement. Under each deposit agreement, only the name of the person in whose name the depositary shares are registered on the records of the depositary is recognized as the holder of that security.

Each holder of a depositary share will be entitled to all the rights and preferences of the underlying preferred stock, including, where applicable, dividend, voting, redemption, conversion and liquidation rights, in proportion to the applicable fraction or multiple of a share of preferred stock represented by the depositary share. The depositary shares will be evidenced by depositary receipts issued under the deposit agreement. The depositary receipts will be distributed to those persons purchasing the fractional or multiple shares of preferred stock. A depositary receipt may evidence any number of whole depositary shares.

We will file the deposit agreement, including the form of depositary receipt, with the SEC, either as an exhibit to an amendment to the registration statement of which this prospectus forms a part or as an exhibit to a current report on Form 8-K. See [Where You Can Find More Information](#) above for information on how to obtain a copy of the form of deposit agreement.

We will deliver all required reports and communications to holders of the preferred stock to the preferred stock depositary, who will forward those reports and communications to the holders of depositary shares.

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### **CONSIDERATIONS RELATING TO INDEXED DEBT SECURITIES AND NON-U.S. DOLLAR DEBT SECURITIES**

*This prospectus and any attached prospectus supplement (including any pricing supplement) do not describe all the risks of an investment in indexed securities. You should consult your own financial and legal advisors about the risks of an investment in indexed securities. If you are unsophisticated with respect to indexed securities, these securities are not an appropriate investment for you.*

#### **Indexed Securities**

We use the term **indexed securities** to mean debt securities whose value is linked to an underlying asset or index.

The prospectus supplement relating to the indexed securities will be attached to the front of this prospectus. There may also be a further prospectus supplement, known as a pricing supplement, which contains the precise terms of the indexed securities you are offered.

#### **An Investment in Indexed Securities Presents Significant Risks Not Associated with Other Types of Securities**

An investment in indexed securities presents certain significant risks not associated with other types of securities. If we issue indexed securities, we will describe certain risks associated with any such particular indexed security more fully in the applicable pricing supplement. Indexed securities may present a high level of risk, and you may lose your entire investment if you purchase these types of securities.

The treatment of indexed securities for United States federal income tax purposes is often unclear due to the absence of any authority specifically addressing the issues presented by any particular indexed security. Accordingly, you, or your tax adviser, should, in general, be capable of independently evaluating the federal income tax consequences of purchasing an indexed security applicable in your particular circumstances.

#### **Investors in Indexed Securities Could Lose Principal or Interest**

The principal amount of an indexed security payable at maturity, the amount of interest payable on an interest payment date, the cash value or physical settlement value of a physically settled debt security, will be determined by reference to one or more of the following:

currencies, including baskets or indices of currencies;

commodities, including baskets or indices of commodities;

securities, including baskets or indices of securities; or

any other index or financial measure, including, if permitted by any relevant state or Federal law, the occurrence or non-occurrence of any event or circumstances.

The direction and magnitude of the change in the value of the relevant index will determine one or more of the principal amount of an indexed security payable at maturity, the amount of interest payable on an interest payment date, the cash value or physical settlement value of a physically settled debt security. The terms of a particular indexed security may or may not include a guaranteed return of a percentage of the face amount at maturity or a minimum interest rate. Accordingly, if you invest in an indexed security, you may lose all or a portion of the amount invested in such indexed security and may receive no interest on the security.



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### **Market Price of Indexed Securities Will Be Influenced by Many Unpredictable Factors**

Several factors, many of which are beyond our control, will influence the value of indexed securities, including:

the market price of the index stock or other property, which we call the reference property;

the volatility (frequency and magnitude of changes in price) of the reference property;

the dividend rate on the reference property;

economic, financial, political, regulatory or judicial events that affect markets generally and which may affect the market price of the reference property;

interest and yield rates in the market; and

the time remaining until (a) you can exchange your indexed securities for the reference property, (b) we can call the indexed securities and (c) the indexed securities mature.

These factors will influence the price that you will receive if you sell your indexed securities prior to maturity. For example, you may have to sell your indexed securities at a substantial discount from the issue price if the market price of the reference property is at, below or not sufficiently above the price of the reference property at pricing.

You cannot predict the future performance of an index or an indexed security based on its historical performance.

### **The Issuer of Reference Property Could Take Actions That May Adversely Affect an Indexed Security**

The issuer of a stock or other security that serves as the reference property or as part of the reference property for an indexed security will, unless otherwise provided in the pricing supplement, have no involvement in the offer and sale of the indexed security and no obligations to the holder of the indexed security. The issuer may take actions, such as a merger or sale of assets, without regard to the interests of the holders of our indexed securities. Any of these actions could adversely affect the value of a security indexed to the reference property.

The issuer of the reference property is not involved in the offering of the indexed securities in any way and has no obligation to consider your interest as owner of these indexed securities in taking any corporate actions that might affect the value of your securities. None of the money you pay for an indexed security will go to a third-party issuer.

### **An Indexed Security May Be Linked to a Volatile Index, Which Could Hurt Your Investment**

Certain indices are highly volatile, which means that their value may change significantly, up or down, over a short period of time. The expected principal amount payable at maturity, the amount of interest payable on an interest payment date, the cash value or physical settlement value of a physically settled debt security may vary substantially from time to time. Because the amount payable on an indexed security is generally calculated based on the value of the relevant index on a specified date or over a limited period of time, volatility in the index increases the risk that the return on the indexed securities may be adversely affected by a fluctuation in the level of the relevant index.

The volatility of an index may be affected by political or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these could adversely affect the value of an indexed security.



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### **An Index to Which a Security is Linked Could Be Changed or Become Unavailable**

Certain indices reference several different currencies, commodities, securities or other financial instruments. The compiler of such an index typically reserves the right to alter the composition of the index and the manner in which the value of the index is calculated. Such an alteration may result in a decrease in the value of or return on an indexed security which is linked to such index.

An index may become unavailable due to such factors as war, natural disasters, cessation of publication of the index, or suspension of or disruption in trading in the currency or currencies, commodity or commodities, security or securities or other financial instrument or instruments comprising or underlying such index. If an index becomes unavailable, the determination of the amount payable on an indexed security may be delayed or an alternative method may be used to determine the value of the unavailable index. Alternative methods of valuation are generally intended to produce a value similar to the value resulting from reference to the relevant index. However, it is unlikely that such alternative methods of valuation will produce values identical to those which would be produced were the relevant index to be used. An alternative method of valuation may result in a decrease in the value of or return on an indexed security.

Certain indexed securities are linked to indices which are not commonly utilized or have been recently developed. The lack of a trading history may make it difficult to anticipate the volatility or other risks to which such a security is subject. In addition, there may be less trading in such indices or instruments underlying such indices, which could increase the volatility of such indices and decrease the value of or return on indexed securities relating to them.

### **You Have No Rights With Respect to the Reference Property**

As an owner of indexed securities, you will not have voting rights or the right to receive dividends or other distributions or any other rights with respect to reference property.

### **We May Engage in Hedging Activities that Could Adversely Affect the Value of an Indexed Security**

In order to hedge an exposure on a particular indexed security, we may, directly or through subsidiaries of AIG, enter into transactions involving the currencies, commodities, securities, or other financial instruments that underlie the index for that security, or derivative instruments, such as options, on those currencies, commodities, securities, or other financial instruments. Transactions of this kind could affect the value of the indexed security in a manner adverse to the investor.

### **You Have No Right to Any of Our Hedging Profits**

As discussed in the paragraph just above this one, we may engage in activities to hedge our exposure under an indexed security. We may have profits or losses from these hedging activities. It is possible that we could achieve substantial profits from our hedging transactions while the value of the indexed security may decline. The holders of an indexed security will have no right to any such profit.

### **Information About Indices May Not Be Indicative of Future Performance**

If we issue an indexed security, we may include historical information about the relevant index in the applicable pricing supplement. Any information about indices that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in the relevant index that may occur in the future.

### **We May Have Conflicts of Interest Regarding an Indexed Security**

Subsidiaries of AIG may have conflicts of interest with respect to some indexed securities. Subsidiaries of AIG may engage in trading, including trading for hedging purposes, for their proprietary accounts or for other

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accounts under their management, in indexed securities and in the currencies, commodities, securities, or other financial instruments on which the index is based or in other derivative instruments related to the index. These trading activities could adversely affect the value of indexed securities. We and the subsidiaries of AIG may also issue securities or derivative instruments that are linked to the same index as one or more indexed securities. By introducing competing products into the marketplace in this manner, we could adversely affect the value of an indexed security.

To the extent that one or more of the subsidiaries of AIG calculates or compiles a particular index or serves as calculation agent with respect to an indexed security, it may have considerable discretion in performing the calculation or compilation. Exercising discretion in this manner could adversely affect the value of or the rate of return on an indexed security based on such index.

**Non-U.S. Dollar Debt Securities**

*This prospectus and any attached prospectus supplement (including any pricing supplement) do not describe all the risks of an investment in debt securities denominated in a currency other than U.S. dollars. You should consult your own financial and legal advisors about the risks of an investment in debt securit*