AMERICAN INTERNATIONAL GROUP INC
Form 424B5
March 19, 2012
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-160645

The information in this preliminary prospectus supplement is not complete and may be changed. Neither this preliminary prospectus supplement nor the accompanying prospectus is an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated March 19, 2012

Preliminary Prospectus Supplement

(To Prospectus dated April 5, 2011)

$

American International Group, Inc.

$ % Notes Due 2015

$ % Notes Due 2017

We are offering $ principal amount of our % Notes due 2015 (the 2015 Notes) and $ principal amount of our % Notes due 2017 (the 2017 Notes and together with the 2015 Notes, the Notes).

The 2015 Notes will bear interest at the rate of % per annum, accruing from , 2012 and payable semi-annually in arrears on each and , beginning on , 2012. The 2017 Notes will bear interest at the rate of % per annum, accruing from , 2012 and payable semi-annually in arrears on each and , beginning on , 2012. The 2015 Notes will mature on , 2015. The 2017 Notes will mature on , 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.

	Initial Public Offering Price	**Underwriting Discount and Commissions**	**Proceeds, Before Expenses, to American International Group, Inc.**
Per 2015 Note	%(1)	%	%
2015 Notes Total	$	$	$
Per 2017 Note	%(1)	%	%
2017 Notes Total	$	$	$

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

Joint Book-Running Managers

J.P. Morgan **RBS** **US Bancorp** **Wells Fargo Securities**

March , 2012

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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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Prospectus Supplement

Prospectus

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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.

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:

The SEC s website at 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*. 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	$ principal amount of % Notes due 2015 (the 2015 Notes)
	$ principal amount of % Notes due 2017 (the 2017 Notes and together with the 2015 Notes, the Notes)
Maturity Date	The 2015 Notes will mature on , 2015.
	The 2017 Notes will mature on , 2017.
Interest Rate and Payment Dates	The 2015 Notes will bear interest at the rate of % per annum payable semi-annually in arrears on each and , beginning on , 2012, and ending at maturity.
	The 2017 Notes will bear interest at the rate of % per annum payable semi-annually in arrears on each and , beginning on , 2012, and ending at maturity.
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	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.
	In addition, the Notes will be structurally subordinated to the secured and unsecured debt of our subsidiaries, which is significant.

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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 $ 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 $ 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.

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 $.

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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CAPITALIZATION

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, 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.

	At December 31, 2011	
	Actual	As Adjusted for the Issuance of the Notes
	(In millions, except share data)	
Cash	$ 1,474	$
Debt:		
Debt issued or guaranteed by AIG:		
Notes and bonds payable	13,023	
Junior Subordinated Debt	9,327	
Other	1,573	
Borrowings supported by assets:		
MIP notes payable		