AMERICAN INTERNATIONAL GROUP INC
Form 424B2
September 08, 2011

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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.

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

Subject to completion, dated September 8, 2011
Preliminary Prospectus Supplement
(To Prospectus dated April 5, 2011)

$

American International Group, Inc.
$ % Notes Due 20
$ % Notes Due 20
$ Floating Rate Notes Due 20

We are offering $ principal amount of our % Notes due 20 (the 20 Notes), $ principal amount of our % Notes due 20 (the 20 Notes and together with the 20 Notes, the Fixed Rate Notes) and $ principal amount of our Floating Rate Notes due 20 (the Floating Rate Notes and together with the Fixed Rate Notes, the Notes).

The 20 Notes will bear interest at the rate of % per annum, accruing from , 2011 and payable semi-annually in arrears on each and , beginning on , 2012. The 20 Notes will bear interest at the rate of % per annum, accruing from , 2011 and payable semi-annually in arrears on each and , beginning on , 2012. The 20 Notes will mature on , 20 . The 20 Notes will mature on , 20 . The Floating Rate Notes will bear interest at a rate per annum, reset quarterly, equal to three-month LIBOR plus %, accruing from September , 2011. The interest on the Floating Rate Notes will be payable quarterly in arrears on each , , and , beginning on , 2011. The Floating Rate Notes will mature on , 20 . The Notes will be sold in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Any of the Notes may be issued as additional notes under an existing indenture and may be part of the same series as our currently outstanding senior notes.

We may redeem some or all of the Fixed Rate Notes of either series at any time at the respective redemption prices described under Description of the Notes Optional Redemption. The Floating Rate Notes are not redeemable prior to maturity.

The Notes will be unsecured obligations of AIG and will rank equally with all of our other existing and future unsecured indebtedness, but will be effectively subordinated to our secured limited recourse obligations in respect of repayment of approximately $9.3 billion, as of August 31, 2011, to the United States Department of the Treasury pursuant to our agreements with the United States Department of the Treasury and other related agreements, to the extent of the assets securing those obligations. In addition, the Notes will be structurally subordinated to secured and unsecured debt of our subsidiaries, which is significant. 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-5 of this prospectus supplement, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 and Item 1A. of Part I of AIG s Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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**	**Proceeds, Before Expenses, to American International Group, Inc.**
Per 20 Note	% (1)	%	%
20 Notes Total	$	$	$
Per 20 Note	% (1)	%	%
20 Notes Total	$	$	$
Per Floating Rate Note	% (1)	%	%
Floating Rate Notes Total	$	$	$

(1) Plus interest accrued on the Notes from , 2011, 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 September , 2011.

Joint Book-Running Managers

Citigroup **Credit Suisse** **Morgan Stanley** **US Bancorp**

September , 2011

We are responsible only for the information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference therein and any related free writing prospectus issued or authorized by us. We have not authorized anyone to provide you with any other information, and we take no 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 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 AIG s securities, 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 therein as described under the heading Where You Can Find More Information in 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 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 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 repayment of the preferred interests in AIA Aurora LLC (AIA SPV) held by Treasury;
- AIG s exposures to subprime mortgages, monoline insurers, the residential and commercial real estate markets, state and municipal bond issuers and sovereign bond issuers;
- 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 aspirational 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;

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- 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 the recoverability of International Lease Finance Corporation s (ILFC) fleet of aircraft; and
- such other factors as discussed throughout the Risk Factors sections of this prospectus supplement, throughout Part I, Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations of AIG s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, in Part II, Item 1A. Risk Factors of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, and 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 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.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement or the accompanying prospectus, or information incorporated by reference in the accompanying prospectus. 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, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 and Item 1A. of Part I of AIG s 2010 Annual Report on Form 10-K, and the documents incorporated by reference into the accompanying prospectus, which are described under Where You Can Find More Information in the accompanying prospectus.

American International Group, Inc.

AIG, a Delaware corporation, is the holding company for a leading international insurance organization serving customers in more than 130 countries. AIG, through its subsidiaries, serves commercial, institutional and individual customers through one of the most extensive worldwide property casualty networks of any insurer. In addition, AIG s subsidiaries include 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. The Internet address for AIG s corporate website is www.aig.com. Except for the documents referred to under Where You Can Find More Information which are specifically incorporated by reference into the accompanying prospectus, information contained on AIG s website or that can be accessed through its website 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.

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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 20 (the 20 Notes)
	
	$ principal amount of % Notes due 20 (the 20 Notes and together with the 20 Notes, the Fixed Rate Notes)
	
	$ principal amount of Floating Rate Notes due 20 (the Floating Rate Notes and together with the Fixed Rate Notes, the Notes)

Maturity Date	The 20 Notes will mature on , 20 . The 20 Notes will mature on , 20 . The Floating Rate Notes will mature on , 20 .
Interest Rate and Payment Dates	The 20 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 20 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 Floating Rate Notes will bear interest at a rate per annum, reset quarterly, equal to three-month LIBOR (as defined below) plus %. The interest on the Floating Rate Notes will be payable quarterly in arrears on each , , and , beginning on , 2011, and ending at maturity.
Form and Denomination	The Notes will be issued in fully registered form in 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, but will be effectively subordinated to our secured limited recourse obligations in respect of repayment of approximately $9.3 billion, as of August 31, 2011, to Treasury pursuant to our agreements with Treasury and other related agreements, to the extent of the assets securing those obligations. See Risk Factors The proceeds of a significant amount of our assets and assets of our subsidiaries may be required to be used to make payments to Treasury and may not be

	available for our obligations under the Notes, and the Notes, as our unsecured debt, will be effectively subordinated to our secured limited recourse indebtedness and certain other secured obligations. 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.
Optional Redemption	We may redeem the Fixed Rate 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

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	present values of the remaining scheduled payments of principal and interest in respect of the Fixed Rate Notes of such series to be redeemed discounted to the date of redemption as described on page S-14 under Description of the Notes Optional Redemption, plus, in each case, accrued and unpaid interest to but excluding the date of the redemption. The Floating Rate Notes are not redeemable prior to maturity.
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. We expect to use the proceeds of this offering to pay maturing notes that were issued by AIG to fund the AIG Matched Investment Program. See Use of Proceeds.
Further Issuances	We may create and issue further notes ranking equally and ratably with any 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 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 therein. In particular, you should consider carefully the specific risk factors described in Risk Factors beginning on page S-5 of this prospectus supplement, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 and Item 1A. of Part I of AIG s Annual Report on Form 10-K for the year ended December 31, 2010, 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 II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 and Item 1A. of Part I of AIG s Annual Report on Form 10-K for the year ended December 31, 2010, 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 proceeds of a significant amount of our assets and assets of our subsidiaries may be required to be used to make payments to Treasury and may not be available for our obligations under the Notes, and the Notes, as our unsecured debt, will be effectively subordinated to our secured limited recourse indebtedness and certain other secured obligations.

In connection with the Master Transaction Agreement, dated December 8, 2010, among AIG, Treasury and other parties (the Master Transaction Agreement), pursuant to which we were recapitalized through a series of transactions (the Recapitalization), we entered into secured limited recourse loans with the AIA SPV, a special purpose vehicle holding the ordinary shares of AIA Group Limited, 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. The loan from the ALICO SPV has been paid off. The loan from the AIA SPV (the AIA SPV Intercompany Loan) is secured by pledges by us and certain of our subsidiaries of, among other collateral, all or part of the equity interests in ILFC. Our repayment of the AIA SPV Intercompany Loan will be first used to repay Treasury s preferred interest in the AIA SPV. In addition, pursuant to the Master Transaction Agreement and the related guarantee, pledge and proceeds application agreement, the same collateral will secure our obligation to make capital contributions (the Capital Contributions and together with the AIA SPV Intercompany Loan, the Secured Obligations) to the AIA SPV if the AIA SPV Intercompany Loan is repaid in full but Treasury s preferred interest in the AIA SPV is not redeemed pursuant to the AIA SPV s limited liability company agreement. The recourse on the Secured Obligations is generally limited to foreclosing on the pledged collateral, except to the extent of the fair market value of equity interests of ILFC and certain other assets that cannot be pledged because of regulatory or tax considerations. As of August 31, 2011, our Secured Obligations in respect of repayment to Treasury were approximately $9.3 billion, which may increase in the future due to the accrued return on Treasury s interest in the AIA SPV.

As a result, the Notes, as our unsecured obligations, will rank effectively junior to the Secured Obligations, to the extent of the collateral securing those obligations. For example, if we were unable to repay indebtedness or meet other obligations under the AIA SPV Intercompany Loan, Treasury, acting on behalf of the AIA SPV, may have the right to foreclose upon and sell the assets that secure the loan. In such an event, it is likely that we would not have sufficient funds to pay amounts due on the Notes.

Furthermore, under the AIA SPV Intercompany Loan, the Master Transaction Agreement and other related agreements, the net cash proceeds from any dividend from, sale of or disposition of the equity of ILFC and certain other assets will be used to repay the AIA SPV Intercompany Loan and make the Capital Contributions, and therefore may not be available for any of our payment obligations under the Notes until the Secured Obligations are fully satisfied, unless otherwise agreed by Treasury, on behalf of the AIA SPV. In addition, under the AIA SPV s limited liability company agreement, we are generally required to use the proceeds from any sale of the AIA Shares to repay

Treasury s preferred interest in the AIA SPV.

In addition, if we are declared bankrupt, become insolvent or are liquidated or reorganized, holders of our secured debt, including the AIA SPV, 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

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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.

Your Notes will be effectively subordinated to any future secured debt we may incur.

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

As of June 30, 2011, Treasury held approximately 77% 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 amended certificate of incorporation; and
- other matters that might be favorable to Treasury, but not to our other shareholders or the holders of the Notes.

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 secured indebtedness, merge, consolidate, sell assets and engage in transactions with affiliates. Our existing credit facilities also require us to maintain a specified total consolidated net worth and consolidated total 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.

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 restrictions 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 June 30, 2011, after giving effect to the offering of the Notes, we would have had approximately $ billion of consolidated debt (including approximately $28.358 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 proceeds of a significant amount of our assets and assets of our subsidiaries may be required to be used to make payments to Treasury and may not be available for our obligations under the Notes, and the Notes, as our unsecured debt, will be effectively subordinated to our secured limited recourse indebtedness and certain other secured obligations. 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 any series of the Notes on any securities exchange or include any 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 any 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 any 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.

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 Floating Rate Notes and the calculation agent and between investors in the Fixed Rate Notes and the quotation agent.

AIG Markets, Inc., our affiliate, will serve as the calculation agent for the Floating Rate Notes and as the quotation agent in connection with any redemption of the Fixed Rate Notes. The calculation agent will determine the interest rate on the Floating Rate Notes. The quotation agent will determine the redemption price of the Fixed Rate Notes. The calculation agent and the quotation agent will exercise discretion and judgment in performing these duties. Absent manifest error, all determinations by the calculation agent and the quotation agent will be final and binding on investors, without any liability on our part. The exercise of this discretion by the calculation agent and the quotation agent could adversely affect the value of the Floating Rate Notes and the redemption price of the Fixed Rate Notes. Investors will not be entitled to any compensation from us for any loss suffered as a result of any determinations by the calculation agent or the quotation agent, even though the calculation agent and the quotation agent may have a conflict of interest at the time of such determinations. We may change the calculation agent at any time without notice and AIG Markets, Inc. may resign as calculation agent at any time upon 60 days written notice to us.

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 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 a further downgrade of our long-term senior debt ratings, AIGFP would be required to post additional collateral, and certain of AIGFP s counterparties would be permitted to elect early termination of contracts.

We estimated that at June 30, 2011, based on our outstanding financial derivative transactions, including those of AIGFP at that date, a one-notch downgrade of our long-term senior debt ratings to BBB+ by Standard & Poor s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (S&P), would permit counterparties to make additional collateral calls and permit the counterparties to elect early termination of contracts, resulting in a negligible amount of corresponding collateral postings and termination payments; a one-notch downgrade to Baa2 by Moody s Investors Services, Inc. (Moody s) and an additional one-notch downgrade to BBB by S&P would result in approximately $298 million in additional collateral postings and termination payments and a further one-notch downgrade to Baa3 by Moody s and BBB- by S&P would result in approximately $352 million in additional collateral postings and termination payments.

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Additional collateral postings upon downgrade are estimated based on the factors in the individual collateral posting provisions of the Credit Support Annex with each counterparty and current exposure as of June 30, 2011. Factors considered in estimating the termination payments upon downgrade include current market conditions, the complexity of the derivative transactions, historical termination experience and other observable market events such as bankruptcy and downgrade events that have occurred at other companies. Management s estimates are also based on the assumption that counterparties will terminate based on their net exposure to us. The actual termination payments could significantly differ from management s estimates given market conditions at the time of downgrade and the level of uncertainty in estimating both the number of counterparties who may elect to exercise their right to terminate and the payment that may be triggered in connection with any such exercise.

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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 $.

AIG expects to use the proceeds of this offering to pay maturing notes that were issued by AIG to fund the AIG Matched Investment Program (the MIP). Approximately $4.1 billion aggregate principal amount of such notes (based on the applicable foreign currency exchange rates on September 6, 2011) will mature within the next year. The interest rates of the fixed rate notes included in that amount vary from 1.4% to 5.375% per annum, and the interest rates of the floating rate notes are based upon London Interbank Offered Rate, Tokyo Interbank Offered Rate or Stockholm Interbank Offered Rate, plus a spread of 0.10% or 0.11%.

The MIP business was originally created to generate spread income from investments yielding returns greater than AIG s cost of funds. The invested assets are predominantly fixed maturity securities and include U.S. residential mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities as well as commercial mortgage loans. The MIP operations are currently in run-off. See AIG s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 and AIG s Annual Report on Form 10-K for the year ended December 31, 2010 for more information regarding the MIP.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our consolidated capitalization as of June 30, 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 Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, which is incorporated by reference in the accompanying prospectus.

	At June 30, 2011	
	Actual	As Adjusted for the Issuance of the Notes (a)
	(In millions, except share data)	
Cash	$ 2,590	$ 2,590
Debt:		
Debt issued or guaranteed by AIG		
20 Notes		
20 Notes		
Floating Rate Notes		
Other notes and bonds payable	11,927	11,927
Junior Subordinated Debt	12,023	12,023
Other	1,562	1,562
Borrowings supported by assets:		
MIP notes payable	10,404	
Series AIGFP matched notes and bonds payable	3,937	3,937
Other	11,250	11,250
Debt not guaranteed by AIG:		
International Lease Finance Corporation	25,628	25,628
Other	2,730	2,730
Total debt	79,461	
Shareholders equity:		
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued: 1,904,632,947	4,761	4,761
Treasury stock, at cost; 6,672,586 shares of common stock	(872)	(872)
Additional paid-in capital	81,056	81,056
Accumulated deficit	(1,357)	
Accumulated other comprehensive income	9,093	9,093

Total AIG shareholders equity	92,681	
Non-redeemable noncontrolling interests	948	948
Total equity	93,629	