AMERICAN INTERNATIONAL GROUP INC
Form 424B2
December 02, 2010

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)(2)
3.650% Senior Notes Due 2014	$500,000,000	$35,650
6.400% Senior Notes Due 2020	$1,500,000,000	$106,950
Total	$2,000,000,000	$142,600

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

(2) A registration fee of $142,600 has been paid with respect to this offering.

Prospectus Supplement
(To Prospectus dated August 9, 2010)

$2,000,000,000

American International Group, Inc.
$500,000,000 3.650% Notes Due 2014
$1,500,000,000 6.400% Notes Due 2020

We are offering $500,000,000 principal amount of our 3.650% Notes due 2014 (the 2014 Notes) and $1,500,000,000 principal amount of our 6.400% Notes due 2020 (the 2020 Notes and, together with the 2014 Notes, the Notes). The 2014 Notes will bear interest at the rate of 3.650% per annum, accruing from December 3, 2010 and payable semi-annually in arrears on each January 15 and July 15, beginning on July 15, 2011. The 2020 Notes will bear interest at the rate of 6.400% per annum, accruing from December 3, 2010 and payable semi-annually in arrears on each June 15 and December 15, beginning on June 15, 2011. The 2014 Notes will mature on January 15, 2014. The 2020 Notes will mature on December 15, 2020. The Notes will be sold in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The 2014 Notes and 2020 Notes are being offered separately and not part of a unit. The sale of either series of the Notes is not conditioned on the sale of the other series of the Notes.

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 unsecured obligations of AIG and will rank equally with all of our other existing and future unsecured indebtedness, but will be effectively subordinated to the rights of the Federal Reserve Bank of New York, as holder of our secured debt under a credit facility, and structurally subordinated to secured and unsecured debt of our subsidiaries. Our existing obligations under the credit facility with the Federal Reserve Bank of New York, which are secured by a substantial portion of our assets, have a claim prior to the Notes with respect to the assets securing those obligations, and our subsidiaries have significant secured and unsecured debt. 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-8 of this prospectus supplement, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 and Item 1A. of Part I of AIG s Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (including Amendment No. 1 on Form 10-K/A filed on March 31, 2010 and Amendment No. 2 on Form 10-K/A filed on August 24, 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.

	Per 2014 Note	Total (2014 Notes)	Per 2020 Note	Total (2020 Notes)
Initial public offering price	99.969%(1)	$ 499,845,000	99.741%(1)	$ 1,496,115,000
Underwriting discount	0.250%	$ 1,250,000	0.625%	$ 9,375,000
Proceeds, before expenses, to American International Group, Inc.	99.719%	$ 498,595,000	99.116%	$ 1,486,740,000

(1) Plus interest accrued on the Notes from December 3, 2010, 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 December 3, 2010.

Joint Book-Running Managers

BofA Merrill Lynch	Barclays Capital	Citi	Morgan Stanley

November 30, 2010

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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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 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 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 completion of the transactions contemplated by the agreement in principle, dated September 30, 2010 (the Recapitalization Agreement in Principle), for a series of integrated transactions (the Recapitalization) with the Federal Reserve Bank of New York (FRBNY), the United States Department of the Treasury (Department of the Treasury) and the AIG Credit Facility Trust (the Trust);

- the number, size, terms, cost, proceeds and timing of dispositions and their potential effect on AIG s businesses, financial condition, results of operations, cash flows and liquidity (and AIG at any time and from time to time may change its plans with respect to the sale of one or more businesses);

- AIG s long-term business mix which will depend on the outcome of AIG s asset disposition program;

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

- 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:

- a failure to complete the transactions contemplated by the Recapitalization Agreement in Principle;
- developments in global credit markets; and
- such other factors as discussed throughout Part I, Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations and in Part II, Item 1A. Risk Factors of AIG s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010; throughout Part I, Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations and in Part II,

Item 1A. Risk Factors of AIG s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010; throughout Part I, Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations and in Part II, Item 1A. Risk Factors of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, 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, 2009 (including Amendment No. 1 on Form 10-K/A filed on March 31, 2010 and Amendment No. 2 on Form 10-K/A filed on August 24, 2010, collectively, the 2009 Annual Report on Form 10-K).

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.

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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 September 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 and Item 1A. of Part I of AIG s 2009 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 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. 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.

Recent Developments

Recapitalization

On September 30, 2010, AIG entered into the Recapitalization Agreement in Principle with the Department of the Treasury, the FRBNY and the Trust for the Recapitalization. The Recapitalization Agreement in Principle contemplates the Recapitalization will be completed before the end of the first quarter of 2011. The principal terms of the Recapitalization will be as follows:

> *Repayment and Termination of the FRBNY Credit Facility:* The transactions constituting the Recapitalization are to occur substantially simultaneously at the closing of the Recapitalization (the Recapitalization Closing). At the Recapitalization Closing, AIG will repay to the FRBNY in cash all amounts owing under the credit facility with the FRBNY (the FRBNY Credit Facility) and the FRBNY Credit Facility will be terminated. As of October 31, 2010, the total repayment amount under the FRBNY Credit Facility was approximately $20 billion. The funds for repayment are expected to come from the net cash proceeds from the sale in a public offering of approximately 67 percent of the ordinary shares of AIA Group Limited (AIA) and the sale of American Life Insurance Company (ALICO), which closed on October 29, 2010 and November 1, 2010, respectively, and from additional funds from operations, financings and asset sales. None of these funds are expected to come from regulated subsidiaries other than through ordinary-course dividends. The net cash proceeds from the initial public offering of AIA and the sale of ALICO will be loaned to AIG (for repayment of the FRBNY Credit Facility), in the form of intercompany secured non-recourse loans, from the special purpose vehicles that hold AIA and ALICO (SPVs , and such loans, SPV Intercompany Loans).

Repurchase and Exchange of the SPV Preferred Interests: At the Recapitalization Closing, AIG will draw down an amount remaining available to be funded under the commitment of the Department of the Treasury (Department of the Treasury Commitment) pursuant to the Securities Purchase Agreement, dated as of April 17, 2009 (Series F SPA), between AIG and the Department of the Treasury relating to the Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value $5.00 per share (Series F Preferred

Stock), less any amount designated by AIG (Series G Drawdown Right) to be allocated to the Series G Cumulative Mandatory Convertible Preferred Stock, par value $5.00 per share (Series G Preferred Stock), as described below. As of October 31, 2010, the total available funding under the Department of the Treasury Commitment was approximately $22.3 billion. AIG will use the amount drawn down at the Recapitalization Closing (the Series F Closing Drawdown Amount) to repurchase all or a portion of the FRBNY s preferred interests in the SPVs (SPV Preferred Interests) corresponding to the Series F Closing Drawdown Amount (Transferred SPV Preferred Interests) and transfer the Transferred SPV Preferred Interests to the Department of the Treasury in partial consideration for shares of the Series F Preferred Stock with an equivalent liquidation value as described below.

Any SPV Preferred Interests not transferred to the Department of the Treasury at the Recapitalization Closing will continue to be held by the FRBNY and will be senior to the Transferred SPV Preferred Interests held by the Department of the Treasury. In addition to the proceeds from the monetization of the remaining ordinary shares of AIA held by AIG and the MetLife securities received from the sale of ALICO after the Recapitalization Closing, AIG will use the proceeds from any sales or dispositions of its equity interests in Nan Shan Life Insurance Company, Ltd. (Nan Shan), AIG Star Life Insurance Co. Ltd. (AIG Star), AIG Edison Life Insurance Company (AIG Edison), International Lease Finance Corporation (ILFC) and AIG s and its subsidiaries interests in Maiden Lane II LLC (ML II) and Maiden Lane III LLC (ML III) to repay the SPV Intercompany Loans and thereby provide funds with which the SPVs may pay down the liquidation preference of the SPV Preferred Interests remaining outstanding after the Recapitalization Closing.

Issuance of AIG s Series G Preferred Stock: In connection with the Recapitalization, AIG and the Department of the Treasury will amend and restate the Series F SPA to provide for the issuance of the Series G Preferred Stock by AIG to the Department of the Treasury at the Recapitalization Closing. The right of AIG to draw on the Department of the Treasury Commitment will be terminated, and outstanding Series F Preferred Stock will be exchanged as described below.

The Series G Preferred Stock will initially have an aggregate liquidation preference equal to at least the amount of funds, if any, drawn down by AIG under the Series F SPA after September 30, 2010 but before the Recapitalization Closing. From the Recapitalization Closing until March 31, 2012, AIG may draw down funds under the Series G Drawdown Right to be used for general corporate purposes, which will increase the aggregate liquidation preference of the Series G Preferred Stock. AIG generally may draw down funds up to the $2 billion that may be designated by AIG prior to the Recapitalization Closing. This drawdown right will be subject to terms and conditions substantially similar to those in the current Series F SPA, except that there will be no condition that the Trust and the Department of the Treasury own over 50 percent of AIG s voting securities.

Dividends on the Series G Preferred Stock will be payable on a cumulative basis at a rate per annum of 5 percent, compounded quarterly, of the aggregate liquidation preference of the Series G Preferred Stock.

The available funding under the Series G Drawdown Right that may be used for general corporate purposes will generally be reduced by the amount of net proceeds of future AIG equity offerings. If the FRBNY continues to hold any SPV Preferred Interests at the time when any such net proceeds are realized, any amount by which the generally available funding under the Series G Drawdown Right is reduced will instead be drawn by AIG and used to repurchase a corresponding amount of SPV Preferred Interests from the FRBNY, which will then be transferred to the Department of the Treasury to repay the draw in the same manner as at the Recapitalization Closing. If the net proceeds of future AIG equity offerings exceed the available funding under the Series G Drawdown Right, AIG will be required to use such excess net proceeds to effect a repurchase and transfer of the SPV Preferred Interests from the FRBNY to the Department of the Treasury as described above or if the FRBNY does not then hold SPV Preferred Interests, to pay down the liquidation preference on the Series G Preferred Stock.

AIG may not directly redeem the Series G Preferred Stock or use cash to reduce its liquidation preference while the FRBNY continues to hold any SPV Preferred Interests, but AIG will have the right to use cash to repurchase a corresponding amount of SPV Preferred Interests from the FRBNY, which will then be

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transferred to the Department of the Treasury and will accordingly reduce the Series G Preferred Stock Drawdown Right. If the FRBNY no longer holds SPV Preferred Interests, AIG may use cash to reduce the Series G Preferred Stock Drawdown Right or the Series G Preferred Stock will be redeemable in cash at AIG s option, at the liquidation preference plus accrued and unpaid dividends.

If the FRBNY continues to hold any SPV Preferred Interests on March 31, 2012, AIG will draw down all remaining available funds under the Series G Drawdown Right to the extent of the remaining aggregate liquidation preference of those SPV Preferred Interests (or the full remaining available amount, if less). Such funds will also be used to repurchase SPV Preferred Interests to be transferred to the Department of the Treasury to repay the draw as described above. If, after giving effect to the foregoing, the Series G Preferred Stock has an outstanding aggregate liquidation preference on March 31, 2012, it will be converted into a number of shares of AIG common stock, par value $2.50 per share (AIG Common Stock), equal to the aggregate liquidation preference plus accrued and unpaid dividends divided by the lesser of $29.29 and 80 percent of the volume weighted average price of AIG Common Stock over a measurement period prior to the Recapitalization Closing.

Exchange of Series C, E and F Preferred Stock for AIG Common Stock: At the Recapitalization Closing, (i) the shares of the Series C Perpetual, Convertible, Participating Preferred Stock, par value $5.00 per share (Series C Preferred Stock), held by the Trust will be exchanged for approximately 562.9 million shares of AIG Common Stock, which will be distributed to the Department of the Treasury; (ii) the shares of the Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value $5.00 per share (Series E Preferred Stock), held by the Department of the Treasury will be exchanged for approximately 924.5 million shares of AIG Common Stock; and (iii) the shares of the Series F Preferred Stock held by the Department of the Treasury will be exchanged for (a) the Transferred SPV Preferred Interests (as described above), (b) newly issued shares of the Series G Preferred Stock and (c) approximately 167.6 million shares of AIG Common Stock. After completing the Recapitalization, the Department of the Treasury will hold approximately 1.655 billion shares of newly issued AIG Common Stock, representing ownership of approximately 92.1 percent of the AIG Common Stock that will be outstanding as of the Recapitalization Closing.

AIG will agree to grant to the Department of the Treasury registration rights with respect to the shares of AIG Common Stock issued at the Recapitalization Closing on terms substantially consistent with those relating to the Series C Preferred Stock, subject to appropriate modifications relating to AIG s obligation to undertake an equity offering, including appropriate lock-up arrangements and restrictions on the exercise of registration rights by transferees.

Issuance to AIG s Shareholders of Warrants to Purchase AIG Common Stock: Immediately after the Recapitalization Closing, AIG will issue to the holders of AIG Common Stock prior to the Recapitalization Closing, by means of a dividend, 10-year warrants to purchase up to 75 million shares of AIG Common Stock in the aggregate at an exercise price of $45.00 per share.

Exchange of Equity Units: On October 8, 2010, AIG commenced a registered exchange offer (the Exchange Offer) in which it offered shares of AIG Common Stock and cash for AIG s equity units mandatorily exchangeable for shares of AIG Common Stock that it previously issued in May 2008. The Exchange Offer expired on November 23, 2010; 49,474,600 equity units in the form of corporate units were validly tendered and accepted in the Exchange Offer. Accordingly, 4,881,667 shares of AIG Common Stock were issued, and $161.8 million in cash was paid, at the closing of the Exchange Offer on November 29, 2010.

The Department of the Treasury s Outstanding Warrants: The outstanding warrants currently held by the Department of the Treasury will remain outstanding following the Recapitalization, but no adjustment will be made to the terms of the warrants as a result of the Recapitalization.

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These transactions contemplated by the Recapitalization are subject to the negotiation and execution of definitive documentation, whose terms may differ from those described above, and include the following material conditions:

the Recapitalization transactions will generate aggregate proceeds sufficient to repay all amounts owing under the FRBNY Credit Facility;

the FRBNY will not hold SPV Preferred Interests having an aggregate liquidation preference in excess of $6 billion;

AIG and the primary insurance companies of Chartis and SunAmerica Financial Group shall have rating profiles reasonably acceptable to the FRBNY, the Department of the Treasury, the Trust and AIG;

AIG shall have in place at the Recapitalization Closing available cash and third-party financing commitments in amounts and on terms reasonably acceptable to the FRBNY, the Department of the Treasury and AIG;

AIG shall have achieved its year-end 2010 targets for the de-risking of AIG Financial Products Corp. and AIG Trading Group Inc. and their respective subsidiaries (collectively, AIGFP); and

shareholder, regulatory and other customary approvals.

Sales of Businesses and Specific Asset Dispositions

AIA Initial Public Offering

On October 29, 2010, AIG completed an initial public offering of 8.08 billion ordinary shares of AIA for aggregate gross proceeds of approximately $20.51 billion. Upon completion of the initial public offering, AIG owned approximately 33 percent of AIA s outstanding shares. Under the terms of an agreement with the underwriters, AIG is precluded from selling or hedging any of its remaining shares of AIA until October 18, 2011 and more than half of its remaining shares of AIA until April 18, 2012 without the prior written consent of the underwriters. At October 29, 2010, the fair value of AIG s retained interest in AIA was approximately $11.8 billion.

Under the Recapitalization Agreement in Principle, net cash proceeds from the AIA public offering will be held in escrow pending the Recapitalization Closing of the transactions contemplated by the Recapitalization Agreement in Principle. Upon the Closing, these cash proceeds will be loaned by AIA SPV to AIG and will be used to repay amounts owing under the FRBNY Credit Facility. If the transactions contemplated by the Recapitalization Agreement in Principle are not completed, AIG expects that the net proceeds would instead be used to pay down the liquidation preference of the AIA SPV Preferred Interests held by the FRBNY, including preferred returns. AIG expects that, unless otherwise agreed with the FRBNY, any excess would then be used to repay any outstanding debt under the FRBNY Credit Facility.

ALICO Sale

On March 7, 2010, AIG and ALICO Holdings LLC (ALICO SPV), a special purpose vehicle formed by AIG, entered into a definitive agreement with MetLife, Inc. (MetLife) for the sale of ALICO by ALICO SPV to MetLife, and the sale of Delaware American Life Insurance Company by AIG to MetLife, for consideration then valued at approximately $15.5 billion, consisting of $6.8 billion in cash and the remainder in equity securities of MetLife, subject to closing adjustments. The ALICO sale closed on November 1, 2010. The fair market value of the consideration at closing was approximately $16.2 billion.

On the closing date, as consideration for the ALICO sale, ALICO SPV received net cash consideration of $7.2 billion (which included an upward price adjustment of approximately $400 million pursuant to the terms of the ALICO stock purchase agreement), 78,239,712 shares of MetLife common stock, 6,857,000 shares of newly issued MetLife participating preferred stock convertible into 68,570,000 shares of MetLife common stock upon the approval of MetLife shareholders, and 40,000,000 equity units of MetLife with an aggregate stated value of $3.0 billion. AIG intends to monetize these MetLife securities over time, subject to market conditions, following the lapse of agreed-upon minimum holding periods. AIG expects to record a material gain on the transaction in the fourth quarter of 2010.

Under the Recapitalization Agreement in Principle, net cash proceeds from the ALICO sale will be held in escrow pending the Recapitalization Closing. Upon the Recapitalization Closing, these cash proceeds will be loaned by ALICO SPV to AIG and will be used to repay amounts owing under the FRBNY Credit Facility. If the transactions contemplated by the Recapitalization Agreement in Principle are not completed, AIG expects that the cash proceeds would instead be paid to the FRBNY in its capacity as holder of preferred interests in ALICO SPV to reduce the aggregate outstanding liquidation preference of those preferred interests.

Prior to conversion into MetLife common stock, the MetLife participating preferred stock will be entitled to dividends equivalent, on an as-converted basis, to those that may be declared from time to time on MetLife common stock.

Each of the equity units of MetLife has an initial stated amount of $75 and consists of an ownership interest in three series of senior debt securities of MetLife and three stock purchase contracts with a weighted average life of approximately three years. The stock purchase contracts obligate the holder of an equity unit to purchase, and obligate MetLife to sell, a number of shares of MetLife common stock that will be determined based on the market price of MetLife common stock at the scheduled settlement dates under the stock purchase contracts (a minimum of 67,764,000 shares and a maximum of 84,696,000 shares in the aggregate for all equity units, subject to anti-dilution adjustments). The equity units provide for the remarketing of the senior debt securities to fund the purchase price of the MetLife common stock. They also entitle the holder to receive interest payments on the senior debt securities and deferrable contract payments at a combined rate equal to 5% of their stated amount.

The equity units have been placed in escrow as collateral to secure payments, if any, in respect of indemnity obligations owed by ALICO SPV to MetLife under the ALICO stock purchase agreement and other transaction agreements. The escrow collateral will be released to ALICO SPV over a 30-month period, to the extent not used to make indemnity payments or to secure pending indemnity claims submitted by MetLife.

AGF Sale

On August 10, 2010, AIG entered into a definitive agreement to sell 80 percent of American General Finance Inc. (AGF) for $125 million. AIG will retain economic interests of 20 percent in the remaining AGF business and 16 percent of the voting rights. The transaction closed on November 30, 2010.

AIG Star and AIG Edison Sale

On September 29, 2010, AIG entered into a definitive agreement with Prudential Financial, Inc. for the sale of its Japan-based insurance subsidiaries, AIG Star and AIG Edison, for total consideration of $4.8 billion, less the principal balance of certain outstanding debt owed by AIG Star and AIG Edison as of the closing date. As of September 30, 2010, the outstanding principal balance of the debt approximated $0.6 billion. The transaction is expected to close by the end of the first quarter of 2011, subject to regulatory approvals and customary closing conditions.

Health Condition of AIG s Chief Executive Officer

As previously announced, Robert Benmosche, President and Chief Executive Officer of AIG, has been diagnosed with cancer and is undergoing aggressive chemotherapy. Mr. Benmosche continues to work a normal schedule and AIG s board of directors continues to assume that he will remain CEO until AIG completes repayment of its taxpayer obligations. Nevertheless, the board has reviewed AIG s succession planning process and has determined that in the event that Mr. Benmosche were to become unwilling or unable to continue to effectively serve in his current role, AIG s Chairman, Robert S. Miller, would step in as interim CEO for as long as it takes to identify and select a long-term replacement.

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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	$500,000,000 principal amount of 3.650% Notes due 2014 (the 2014 Notes) $1,500,000,000 principal amount of 6.400% Notes due 2020 (the 2020 Notes)
Maturity Date	The 2014 Notes will mature on January 15, 2014. The 2020 Notes will mature on December 15, 2020.
Interest Rate and Payment Dates	The 2014 Notes will bear interest at the rate of 3.650% per annum payable semi-annually in arrears on each January 15 and July 15, beginning on July 15, 2011, and at maturity. The 2020 Notes will bear interest at the rate of 6.400% per annum payable semi-annually in arrears on each June 15 and December 15, beginning on June 15, 2011, and 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 the rights of the FRBNY, as holder of our secured debt, and structurally subordinated to the secured and unsecured debt of our subsidiaries. Our existing obligations under the FRBNY Credit Facility, which are secured by a substantial portion of our assets, have a claim prior to the Notes with respect to the assets securing those obligations, and our subsidiaries have significant secured and unsecured debt.
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-18 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 $1.98 billion after deducting underwriting discounts and commissions and estimated offering expenses payable by us. As agreed with the FRBNY, we intend to use the net proceeds from this offering for general corporate purposes.
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 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-8 of this prospectus supplement, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, and Item 1A. of Part I of AIG s 2009 Annual Report on Form 10-K, before purchasing any Notes.

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 September 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, Item 1A. of Part II of AIG s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 and Item 1A. of Part I of AIG s 2009 Annual Report on Form 10-K, 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.

Risks Relating to Our Business and Capital Structure

We depend on the support of the U.S. government. It is uncertain whether we will be able to develop and implement adequate restructuring initiatives, which businesses will remain part of our operations and whether we will succeed in operating without the support of the U.S. government.

We have been significantly and adversely affected by the market turmoil in late 2008 and early 2009 and have entered into several important support transactions and relationships with the FRBNY and the Department of the Treasury. As a result, we are controlled by the AIG Credit Facility Trust, a trust for the sole benefit of the Department of the Treasury (the Trust), and depend on the commitment by the U.S. government to continue to work with us to maintain our ability to meet our obligations as they come due. The report of our independent registered public accounting firm included in our Current Report on Form 8-K filed on November 5, 2010, relating to our consolidated financial statements, financial statement schedules and internal control over financial reporting, contained an explanatory paragraph relating to our dependence upon the continued financial support of the U.S. government.

Since September 2008, we have been working to protect and enhance the value of our key businesses, execute an orderly asset disposition plan, and position ourselves for the future. At the end of September 2010, we entered into the Recapitalization Agreement in Principle. Priorities that we are focused on in this regard include, among other things, entering into definitive agreements relating to the Recapitalization and implementing the definitive agreements to consummate the Recapitalization; continuing the stabilization and strengthening of our business; executing on our plans to complete the pending sales transactions for Nan Shan, AGF, AIG Star and AIG Edison and addressing the potential for delays in asset dispositions and reduction in the anticipated proceeds therefrom; addressing our highly leveraged capital structure; and continuing the wind-down of our exposure to derivatives trading activities, particularly in regard to AIGFP.

Numerous factors, many of which are outside our control, could impair our ability to implement these plans. No assurance can be given that we will be able to successfully implement the Recapitalization. If we are successful in implementing some or all of the transactions related to the Recapitalization, it is uncertain which businesses will remain part of our operations and whether we will be able to operate successfully without the support of the U.S. government. In addition, a cessation of government support could in certain circumstances cause our current credit and financial strength ratings to decline.

The execution of the Recapitalization is subject to various risks and uncertainties.

The Recapitalization Agreement in Principle contemplates the negotiation and execution of definitive agreements relating to a number of transactions involving multiple parties. No assurance can be given that we, the FRBNY, the Department of the Treasury and the Trust will be able to agree on definitive documentation or that the transactions set forth in the definitive documentation will be substantially the same as those contemplated by the Recapitalization Agreement in Principle.

Even if definitive documentation is executed, numerous factors, many of which are outside of our control, could impair our ability to implement or complete the Recapitalization. In particular, our ability to effect the Recapitalization will be subject to a number of conditions, including regulatory approvals and other third-party approvals and satisfactory rating profiles from rating agencies. The Recapitalization could be adversely affected by, among other things:

- an inability to complete our asset disposition plan, including the sales of our interests in AIG Star and AIG Edison;
- an inability to secure third-party financing commitments;
- declines in our asset values and deterioration in our businesses; and
- an inability to obtain necessary regulatory or other third-party approvals or consents for the proposed transactions.

No assurance can be given that we will be able to meet the conditions to the completion of the Recapitalization or to otherwise successfully implement the Recapitalization.

The complexity of executing the Recapitalization, combined with the challenges of operating our businesses in the current environment, could place further stress on our internal controls, increase our costs and divert the attention of our management and employees from their normal duties, all of which may adversely affect our business, both in terms of operations and ability to focus on and retain customers. The execution of the Recapitalization has introduced a large number of complex and non-standard transactions that are placing a strain on existing resources, systems and communication channels.

If we are not able to complete the Recapitalization, it is unclear how our businesses, operations and liquidity will be affected. A failure to complete the Recapitalization could result in, among other things, a reduced level of support from the U.S. government, ratings downgrades and a loss in confidence in us by customers. As a result, a failure to complete the Recapitalization could have a material adverse effect on our businesses, operations and liquidity.

The issuance of the shares of AIG Common Stock to the Department of the Treasury may have adverse consequences for us and our subsidiaries with regulators and contract counterparties.

The issuance of the shares of AIG Common Stock to the Department of the Treasury in the Recapitalization may result in a change of control of us. A change of control of us triggers notice, approval and/or other regulatory requirements in many of the more than 130 countries and jurisdictions in which we and our subsidiaries operate. In light of the large number of jurisdictions in which we and our subsidiaries operate and the complexity of assessing and addressing the regulatory requirements in each of the relevant jurisdictions, we may be unable to obtain all regulatory consents or approvals that may be required in connection with the Recapitalization.

We and our subsidiaries are also parties to various contracts and other agreements that may be affected or terminated as a result of a change of control of us.

Our ability to support our subsidiaries is limited.

Historically, we have provided capital and liquidity to our subsidiaries to maintain regulatory capital ratios, comply with rating agency requirements and meet unexpected cash flow obligations. More recently, we have relied on the FRBNY Credit Facility and the Department of the Treasury Commitment to meet these needs, given our inability to access our traditional sources of liquidity, including the public debt markets, since the third quarter of 2008. This limited access to liquidity may reduce or prevent us from providing support to our subsidiaries. If we are unable to provide support to a subsidiary having an immediate capital or liquidity need, the subsidiary could become insolvent or, in the case of an insurance subsidiary or other regulated entity, could be seized by its regulator.

Certain investments our subsidiaries hold are illiquid and/or are difficult to sell, or to sell in significant amounts or at acceptable prices, to generate cash to meet their needs.

Our subsidiaries investments in certain securities, including certain fixed income securities and certain structured securities, private equity securities, investment partnerships, mortgage loans, flight equipment, finance receivables and real estate, are illiquid or may not be disposed of quickly. These asset classes represented approximately 28% of the carrying value of our total consolidated cash and invested assets at September 30, 2010. In addition, the steep decline in the U.S. real estate market and tight credit markets materially adversely affected the liquidity of our other securities portfolios, including our residential and commercial mortgage-related securities and investment portfolios. If one or more of our subsidiaries requires additional liquidity beyond what can be provided through cash generated by operations or the sale or monetization of their more liquid assets, it may be difficult to generate additional liquidity by selling, pledging or otherwise monetizing the less liquid investments.

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 a substantial amount of additional collateral payments pursuant to, and/or permit the termination of, derivative transactions to which AIGFP is a party, which could further adversely affect our business and our consolidated results of operations, financial condition and liquidity. Additional obligations to post collateral or the costs of assignment, termination or obtaining alternative credit could significantly reduce the amounts then available under the FRBNY Credit Facility and the Department of the Treasury Commitment. 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. In addition, consummation of the Recapitalization is conditioned on our rating profile (and that of Chartis and SunAmerica) being reasonably acceptable to us, the FRBNY, the Department of Treasury and the Trust.

It is estimated that at September 30, 2010, 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 Baa1 by Moody s Investors Service (Moody s) and 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 up to approximately $1.2 billion of corresponding collateral postings and termination payments; a two-notch downgrade to Baa2 by Moody s and BBB by S&P would result in approximately $1.2 billion in additional collateral postings and termination payments above the one-notch downgrade amount; and a three-notch downgrade to Baa3 by Moody s and BBB- by S&P would result in approximately $0.2 billion in additional collateral postings and termination payments above the two-notch downgrade amount. 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 September 30, 2010. 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.

Adverse rating actions could result in further reductions in credit limits extended to us and in a decline in the number of counterparties willing to transact with us or our subsidiaries. To appropriately manage risk, we need trading counterparties willing to extend sufficient credit limits to purchase and sell securities, commodities and other assets, as well as to conduct hedging activities. To the extent that counterparties are unwilling to trade with or to extend adequate credit limits to us or our subsidiaries, we could be exposed to open positions or other unhedged risks, resulting in increased volatility of results and increased losses.

A downgrade in the Insurer Financial Strength ratings of our insurance companies could prevent the companies from writing new business and retaining customers and business. Insurer Financial Strength ratings are an important factor in establishing the competitive position of insurance companies. Insurer Financial Strength ratings measure an insurance company s ability to meet its obligations to contract holders and policyholders, help maintain public confidence in a company s products, facilitate marketing of products and enhance a company s competitive position. Further downgrades of the Insurer Financial Strength ratings of our insurance companies may prevent these companies from offering products and services or result in increased policy cancellations or

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