AMERICAN INTERNATIONAL GROUP INC
Form 424B3
May 11, 2011

Table of Contents

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)(3)**
**Registration No. 333-160645**

**Subject to Completion. Dated May 11, 2011.**
**Preliminary Prospectus Supplement to Prospectus dated April 5, 2011.**

**300,000,000 Shares**

**American International Group, Inc.**
**Common Stock**

American International Group, Inc. ( AIG ) is offering 100,000,000 shares of its common stock, $2.50 par value per share (the common stock ). The United States Department of the Treasury (the selling shareholder ) is offering an additional 200,000,000 shares of the common stock. AIG will not receive any of the proceeds from the sale of the shares being sold by the selling shareholder.

The common stock is listed on the New York Stock Exchange ( NYSE ) under the symbol AIG . The last reported sale price of the common stock on May 10, 2011 was $29.62 per share.

*See Summary Risk Factors beginning on page S-13 of this prospectus supplement, Risk Factors beginning on page S-15 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 to read about risk factors you should consider before buying shares of the common stock.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities 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 Share | Total |
|---|---|---|

| | | |
|---|---|---|
| Initial price to public | $ | $ |
| Underwriting discount to be paid by AIG with respect to the shares sold by AIG | $ | $ |
| Underwriting discount to be paid by AIG with respect to the shares sold by the selling shareholder (1) | $ | $ |
| Proceeds to AIG (before expenses but after the underwriting discount with respect to all shares sold) | $ | $ |
| Proceeds to the selling shareholder (1) | $ | $ |

(1) AIG has agreed to pay the underwriting discount with respect to the shares sold by the selling shareholder, totaling approximately $ (or approximately $ assuming full exercise of the underwriters over-allotment option to purchase additional shares from the selling shareholder).

The underwriters have the option to purchase within 30 days of the date of this prospectus supplement up to an additional 45,000,000 shares from the selling shareholder to cover over-allotments, if any, at the initial price to public less the underwriting discount (which AIG has agreed to pay with respect to any shares sold by the selling shareholder).

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2011.

*Joint Global Coordinators*

**BofA Merrill Lynch** **Deutsche Bank Securities** **Goldman, Sachs & Co.** **J.P. Morgan**

*Joint Bookrunners*

**Barclays Capital** **Citi** **Credit Suisse** **Macquarie Capital**

**Morgan Stanley** **UBS Investment Bank** **Wells Fargo Securities**

Prospectus Supplement dated , 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. Neither we, the selling shareholder nor any underwriter has authorized anyone to provide you with any other information, and we, the selling shareholder and the underwriters take no responsibility for any other information that others may give you. We, the selling shareholder and the underwriters are offering to sell the common stock only in jurisdictions where offers and sales are permitted. The offer and sale of the common stock in certain jurisdictions is subject to the restrictions described herein under Underwriting Selling Restrictions. 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 our common stock.**

## TABLE OF CONTENTS


| | Page |
|---|---|
| **Prospectus Supplement** | |
| About This Prospectus Supplement | S-ii |
| Cautionary Statement Regarding Forward-Looking Information | S-ii |
| Summary | S-1 |
| Risk Factors | S-15 |
| Use of Proceeds | S-19 |
| Price Range of Common Stock and Dividends | S-20 |
| Capitalization | S-21 |
| Description of Common Stock | S-22 |
| Certain United States Federal Tax Consequences to Non-U.S. Holders | S-28 |
| The Selling Shareholder | S-31 |
| Underwriting | S-33 |
| Legal Matters | S-50 |
| Experts | S-50 |
| **Prospectus** | |
| Cautionary Statement Regarding Forward-Looking Information | i |
| Where You Can Find More Information | ii |
| About American International Group, Inc. | 1 |
| Risk Factors | 1 |
| Use of Proceeds | 1 |
| Description of Debt Securities AIG May Offer | 2 |
| Description of Common Stock | 11 |
| Description of Preferred Stock and Depositary Shares AIG May Offer | 12 |
| Considerations Relating to Indexed Debt Securities and Non-U.S. Dollar Debt Securities | 14 |
| Legal Ownership and Book-Entry Issuance | 19 |
| Considerations Relating to Debt Securities Issued in Bearer Form | 25 |
| United States Taxation Considerations | 29 |
| Employee Retirement Income Security Act | 47 |
| Validity of the Securities | 49 |

Experts 49

Table of Contents

## 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 does not apply to this offering. This prospectus supplement and the accompanying prospectus are part of a registration statement, as amended (the registration statement ), that we filed with the Securities and Exchange Commission ( 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 or the selling shareholder ) 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 and state and municipal 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 anticipated results and financial condition indicated in these projections, goals, assumptions and statements. Factors

**Table of Contents**

that could cause AIG s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include:

- actions by credit rating agencies;
- changes in market conditions;
- the occurrence of catastrophic events;
- significant legal proceedings;
- concentrations in AIG s investment portfolios, including its municipal bond portfolio;
- judgments concerning casualty insurance underwriting and reserves;
- judgments concerning the recognition of deferred tax assets; and
- such other factors as are discussed throughout the Summary Risk Factors and 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 and 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.

Table of Contents

## SUMMARY

*This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference therein. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in our common stock. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the Summary Risk Factors and the Risk Factors sections of this prospectus supplement, Part II, Item 1A. Risk Factors of our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, Part I, Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2010, and the documents incorporated by reference into the accompanying prospectus, which are described under Where You Can Find More Information in the accompanying prospectus. Unless otherwise indicated, the information contained in this summary assumes no exercise by the underwriters of their over-allotment option to purchase additional shares from the selling shareholder.*

*Under the heading Summary American International Group, Inc. , Summary Summary Historical Consolidated Financial Data and Summary Risk Factors , all references to AIG, we, us, our or similar references mean American International Group, Inc. and its consolidated subsidiaries and all references to AIG Parent mean American International Group, Inc. and not its consolidated subsidiaries.*

### American International Group, Inc.

### Our Company

We are a leading international insurance organization. Our vision is to be the most valuable insurance company in the world. We operate one of the most extensive worldwide property and casualty insurance networks and are a recognized leader in the U.S. life insurance and retirement services industry. Our core insurance franchise is complemented by our industry-leading commercial aircraft leasing and residential mortgage guaranty insurance businesses. The overview of our businesses is as follows:

***Chartis Inc. ( Chartis )*** Our property and casualty insurance business is a world leader in the global property and casualty market, writing substantially all types of commercial and consumer insurance coverage both domestically and abroad and serving over 70 million clients around the world. Chartis had $48.2 billion of shareholders equity as of March 31, 2011;

***SunAmerica Financial Group ( SunAmerica )*** Our domestic life insurance and retirement services business is a recognized leader in the U.S. market and offers a comprehensive suite of products and services to individuals and groups, including term life, universal life, accident and health ( A&H ), fixed and variable deferred annuities, fixed payout annuities, mutual funds and financial planning products and services to over 18 million customers. SunAmerica had $36.1 billion of shareholders equity as of March 31, 2011;

***International Lease Finance Corporation ( ILFC )*** Our aircraft leasing business is one of the world s largest aircraft lessors, acquiring commercial jet aircraft from various manufacturers and other parties and leasing those aircraft to airlines around the world. ILFC had $8.2 billion of shareholders equity as of March 31, 2011; and

***United Guaranty Corporation ( United Guaranty )*** Our mortgage guaranty insurance business issues residential mortgage guaranty insurance, both domestically and internationally, that covers mortgage lenders from the first loss for credit defaults on high loan-to-value conventional first-lien mortgages for the purchase or

refinance of one- to four-family residences. United Guaranty had $2.3 billion of shareholders equity as of March 31, 2011.

As of March 31, 2011, we had total shareholders equity of $85.0 billion, which was less than the sum of shareholders equity of each of the businesses noted above primarily due to the effect of consolidating other businesses and expenses (including financial services results, interest expense paid to the Federal Reserve Bank of New York (the FRBNY ), and tax valuation allowance adjustments not allocated to each of those businesses) as well as elimination entries for AIG Parent s investments in its respective businesses.

Table of Contents

We also own valuable financial assets including an indirect 33 percent equity stake in AIA Group Limited ( AIA ), interests in Maiden Lane II LLC ( Maiden Lane II ) (held by SunAmerica) and Maiden Lane III LLC ( Maiden Lane III ), each a special purpose vehicle, and a residual derivatives portfolio that we expect to continue to hold following completion of the wind-down of the portfolios of AIG Financial Products Corp. and AIG Trading Group Inc. and their respective subsidiaries (collectively, AIGFP ). We also have significant deferred tax assets, against which we currently hold a full valuation allowance on our consolidated balance sheet.

## Our Competitive Strengths

We believe that following the recent financial crisis all of our businesses have been stabilized, and that the following competitive strengths provide us with a foundation for achieving growth and profitability and executing our vision to be the world s most valuable insurance company:

***Preeminent Global Insurance Franchises.*** We rank among the world s largest global insurers in terms of market capitalization, shareholders equity and revenues. Our core insurance businesses serve approximately 90 million commercial, institutional and individual customers in over 130 countries. We are the largest U.S.-based property and casualty insurer in Europe, the largest foreign insurance company in Japan and China, and an established leader in other developing markets including India, Korea, Argentina and Russia. We also maintain leading market positions in the U.S. for multiple commercial line products at Chartis and for multiple life insurance and retirement products at SunAmerica.

***Diversified Portfolio of Market-Leading Businesses Across Multiple Geographies.*** Our portfolio of businesses consists of two core insurance franchises that are complemented by our aircraft leasing and mortgage guaranty insurance businesses. Through our businesses, we are diversified by geography, product and distribution channel.

Chartis has a broad global presence, writing substantially all types of commercial and consumer insurance coverage and serving over 70 million clients around the world. In 2010, 46 percent of Chartis net premiums written were generated outside of the U.S. and Canada. Growth economies, which primarily include Asia Pacific, the Middle East and Latin America, represented 10 percent of Chartis 2010 net premiums written. Chartis distributes its products through a global network of agents, brokers and direct marketing channels.

SunAmerica is among the largest life and retirement services organizations in the U.S. and currently serves over 18 million individual and group customers. SunAmerica offers a comprehensive suite of retirement and protection solutions through a multi-channel distribution network encompassing over 300,000 affiliated and non-affiliated agents, financial advisors and other partners. As of December 31, 2010, approximately 59 percent of SunAmerica s reserves related to spread-based business, 25 percent related to fee-based business and 16 percent related to mortality-based business.

ILFC has approximately 180 customers in more than 70 countries around the world and in 2010 generated approximately 94 percent of its rental revenue outside the U.S.

***Renewed Financial Strength.*** We have taken decisive actions to simplify our capital structure and strengthen our balance sheet. Since December 31, 2008, we reduced our operating debt by over $67 billion and our financial debt (including hybrid securities and Equity Units) by approximately $44 billion, and executed a significant divestiture program. We have also significantly reduced our exposure to the AIGFP portfolios, transferring or terminating approximately 41,200, or 94 percent, of AIGFP s approximately 44,000 outstanding trade positions, and reducing the total notional amount of derivatives outstanding by approximately 86 percent between September 30, 2008 and March 31, 2011. Our total contingent liquidity exposure related to AIGFP at

March 31, 2011 was dramatically lower than it was at September 30, 2008, and is explicitly factored into our current liquidity planning framework and broader enterprise risk management program. In addition, we demonstrated our ability to access multiple sources of financing since September 2010 with more than $5.5 billion of new, non-government funding at AIG Parent, including 364-day and three-year bank credit facilities totaling approximately $3 billion, the issuance of $2 billion in senior debt, our first public bond sale since August 2008, and a $500 million contingent liquidity facility.

**Table of Contents**

***Flexible Capital Management.*** We have taken steps to maintain strong capital positions at our U.S. insurance company subsidiaries and have entered into capital maintenance agreements that set forth procedures through which AIG Parent has provided, and expects to continue to provide, capital support to certain of its insurance company subsidiaries. These agreements are expected to enhance our capital management practices and help manage the flow of capital and funds between AIG Parent and its insurance company subsidiaries. We plan to maintain minimum risk-based capital levels for certain Chartis and SunAmerica insurance companies, in accordance with the terms of their capital maintenance agreements. In addition, we earmark additional liquidity at the AIG Parent level to be used in connection with these agreements as well as to meet other anticipated contingent liquidity risks from our other businesses and portfolios. We conduct regular stress testing of these requirements and have developed an internal system designed to ensure that existing and planned sources of liquidity will meet our aggregate needs in the event of stress conditions. The results of these stress tests are shared with rating agencies on a regular basis.

As of March 31, 2011, we had available liquidity (cash, short-term investments and available contingent liquidity) of $12.2 billion at the AIG Parent level. We expect to have access to future sources of liquidity including ordinary course dividends and extraordinary dividends (subject to regulatory approvals) from our insurance subsidiaries, dividends (subject to Treasury approval) from ILFC, proceeds from future asset sales and intracompany tax sharing payments.

***Significant Upside Participation in Financial Assets.*** We have several financial assets that are valuable and unique to our company. We hold interests in Maiden Lane II and Maiden Lane III, for which we retain one-sixth and one-third of the residual value, respectively. As of March 31, 2011, the carrying value of our interest in Maiden Lane II (held by SunAmerica) and Maiden Lane III was approximately $1.5 billion and $7.1 billion, respectively, after giving consideration to Maiden Lane II s and Maiden Lane III s obligations to the FRBNY. We hold the common equity interests in special purpose vehicles that own 33 percent of AIA and $2.7 billion of proceeds from the sale of American Life Insurance Company ( ALICO ) currently subject to an escrow arrangement and securing certain indemnification obligations. Preferred interests in AIA SPV are held by Treasury, and any proceeds from the monetization of AIA shares are required to be used for repayment and retirement of those preferred interests. As of March 31, 2011, the estimated residual value (after giving consideration to the outstanding preferred interests and accrued liabilities and assuming the full release of the escrow referred to above) of our equity interests in these special purpose vehicles was approximately $3.4 billion. In addition, at December 31, 2010, we had $25.6 billion of deferred tax assets, against which we currently hold a full valuation allowance on our consolidated balance sheet.

***Proven Management Team and Performance-Driven Culture.*** Our executive management team has successfully stabilized our company and strategically repositioned our businesses. We have combined new leadership at AIG Parent, bringing many years of industry experience, with long-standing, experienced leadership at our operating businesses. In addition, we have many senior officers who have been appointed to new roles from within the organization, where we expect they will have the most significant impact on our businesses going forward.

We have sought to align the goals of our management team with investor interests. For example, the Special Master for Troubled Asset Relief Program ( TARP ) Executive Compensation approved compensation structures for our senior executive officers which contain numerous features emphasizing long-term value creation. The structures are designed to help prevent unnecessary or excessive risk-taking, such as equity-based compensation subject to transfer restrictions and, in certain cases, tied to repayment of AIG s TARP financial assistance. Over 1,000 of our top senior managers and 31 percent of employees have greater than 10 years experience with AIG. Further, we believe that we continue to attract, retain and promote the best

people and put these people in the right roles. For example, in the last year, we enhanced our enterprise risk management team by hiring a new Chief Risk Officer and creating the new role of Corporate Chief Actuary.

Table of Contents

## Our Business Strategy

Our vision is to be the most valuable insurance company in the world by generating attractive returns on our equity and by growing earnings per share for our shareholders. We intend to achieve these objectives by carrying out the following strategies:

***Leverage Our Franchises to Capitalize on Global Opportunities.*** Our goals are to continue to strengthen and grow our businesses by seeking to capitalize on global opportunities, maintaining well-positioned broad franchises in appropriate markets, diversifying our businesses by product and geography and utilizing our underwriting skills across multiple lines and multiple geographies. Chartis intends to take advantage of its scale, product and geographic diversity and depth of local experience to better segment its client base, locate opportunities, and flexibly allocate capital to generate higher risk-adjusted returns. SunAmerica expects to capitalize on growing demand for life insurance and retirement savings solutions by expanding its distribution network and regularly introducing new product offerings with the goal of increasing its share in target markets and growing its asset base. ILFC expects to continue to strengthen its diversified funding profile, manage its portfolio mix through purchases and sales of aircraft and increase its local market presence by opening regional offices. United Guaranty plans to employ innovative credit and geographical indexing techniques, as well as risk-based pricing, to grow market share prudently.

***Redeploy Investable Cash to Achieve Attractive Risk-Adjusted Returns.*** As of March 31, 2011, we had approximately $14 billion of investable cash. We have been actively redeploying our investable cash into higher yielding assets with the goal of achieving attractive risk-adjusted returns in relation to our insurance liabilities.

***Efficiently Redeploy Capital Within AIG Parent and Our Business Units.*** Our increased financial flexibility at the AIG Parent level is expected to be supported by dividends from our operating businesses and cash flows from our financial assets, tax sharing payments and maintenance of target leverage levels. Subject to applicable regulatory approvals, we may redeploy our excess capital into, among other things, potential share repurchases, dividend payments, acquisitions or organic business opportunities. For a discussion of certain related risks, see Risk Factors Our holding company structure and certain regulatory and other constraints could affect our ability to pay our obligations and We may be unable to pay dividends or repurchase shares of our common stock and we currently do not pay cash dividends and do not expect to pay cash dividends in the foreseeable future.

***Invest in Corporate Center Infrastructure to Serve Our Business Portfolio Efficiently and Eliminate Redundancies.*** We have made and expect to continue to make substantial investments in infrastructure to serve our business portfolio efficiently and eliminate redundancies, including our information technology, finance, underwriting and claims infrastructure, and are also expanding our sourcing capabilities globally.

## Our Operating Businesses

### *Chartis*

Chartis is one of the largest, most diversified and experienced global property and casualty insurance providers. It offers substantially all types of commercial and consumer insurance coverage to over 70 million customers worldwide. Chartis currently provides insurance products to approximately 97 percent of the Fortune 1000 and one-third of Forbes Richest Americans , as well as 90 percent of the FT Euro 500 and 79 percent of the FT UK 500.

Chartis is the largest U.S.-domiciled commercial property and casualty insurance group by 2010 net premiums written and holds number one market share positions in surplus lines, executive liability/directors and officers liability ( D&O ), employment practices, excess casualty and travel/assistance lines in the U.S. and Canada region. Chartis U.S. and Canadian operations are primarily conducted through National Union Fire Insurance Company of Pittsburgh, Pa., American Home Assurance Company, Chartis Insurance Company of Canada, Lexington Insurance Company and other U.S.-based insurers.

Chartis also has a leading international franchise. It is the largest U.S.-based property and casualty insurer in Europe and the largest foreign insurance company in Japan and China. In 2010, Chartis generated approximately 46 percent of its total net premiums written outside of the U.S. and Canada region, with 12 countries accounting for over $200 million of net premiums written each and 34 countries accounting for over $50 million of net premiums written each. Over 25,000 of Chartis approximately 43,000 total employees are employed outside of the U.S. and Canada region. In March 2011, Chartis acquired additional common shares and stock acquisition rights of Fuji Fire & Marine Insurance Company Limited ( Fuji ) in a cash tender offer, bringing its holding to 98.4 percent of Fuji s outstanding voting shares.

We believe that Chartis long-standing international presence provides it with superior local market knowledge, a broad perspective on global pricing trends and a differentiating ability to meet the needs of its global customer base. Chartis has the ability to create new products and adapt existing products; cross-sell between local, regional, national and international markets; and take advantage of its local underwriters to provide industry leading service to local and multinational clients alike.

On March 31, 2011, we announced a reorganization of Chartis operations and named a new management team. Under the new structure, Chartis will consist of two major global groups commercial and consumer with supporting claims, actuarial, risk management, underwriting and product development disciplines integrated into these two major business operations. In addition, Chartis will be organized geographically as four principal regions: the U.S. and Canada, Europe, the Far East, and Growth Economies. Had Chartis been organized under this structure in 2010, it would have recorded 65 percent and 35 percent of total 2010 net premiums written in its commercial and consumer businesses, respectively, and 54 percent, 18 percent, 18 percent and 10 percent of total 2010 net premiums written in the U.S. and Canada, Europe, Far East and Growth Economies regions, respectively. Chartis currently anticipates the completion of its organization and operating design structure, and related segment reporting changes, in the third quarter of 2011. As the new structure is implemented, the presentation of Chartis results will be modified accordingly and the presentations of prior periods of Chartis results will be conformed.

Chartis believes its realignment will allow it to better manage its distinctive global platform and pursue continued growth in various international markets and attractive product lines. In 2010, approximately two-thirds of net premiums written were comprised of commercial specialty, personal lines and A&H and over half of these premiums were written outside of the U.S. and Canada region. These lines are higher-margin businesses in which Chartis has a differentiated expertise and is able to cross-sell through its strong relationships with agents and brokers.

Chartis has actively sought to strengthen its balance sheet and reduce the volatility of its financial performance.

Over the last two calendar years, Chartis has also strengthened its property and casualty reserves by $6.6 billion in four long-tail lines (asbestos, excess casualty, excess workers compensation and specialty workers compensation). Chartis has also substantially reduced its underwriting in these four lines over the last four calendar years. For the year ended December 31, 2010, only 6.7 percent of net premiums written were attributed to these four long-tail lines. In addition, Chartis recently agreed to a loss portfolio transfer with a subsidiary of Berkshire Hathaway, Inc. in which Chartis will cede the bulk of its net U.S. asbestos liabilities to the Berkshire Hathaway, Inc. subsidiary under a retroactive reinsurance agreement. See Recent Developments Transfer of Asbestos Liabilities.

***SunAmerica Financial Group***

SunAmerica is a recognized leader in the U.S. life insurance and retirement services industry. The business traces its origins to 1850 and has been building customer relationships, distribution partnerships, and product and market expertise for over 160 years. SunAmerica offers a diversified portfolio of life insurance and retirement services products to individuals and groups, including term life, universal life, A&H, fixed and variable deferred annuities,

fixed payout annuities, mutual funds and financial planning services, providing innovative solutions for customers of varying ages, income levels, and protection and planning needs. SunAmerica currently serves over 18 million customers across the U.S. and is one of the largest, most highly capitalized life insurance and retirement services groups in the U.S.

SunAmerica s distribution network is among the largest and most diversified in the U.S. life and retirement services industry, encompassing both affiliated and non-affiliated channels. SunAmerica products are sold by over 300,000 financial professionals within a network of banks, national, regional and independent broker-dealers, affiliated financial advisors, independent marketing organizations, independent and career insurance agents, structured settlement brokers, benefit consultants and direct-to-consumer platforms.

SunAmerica is organized across two operating segments: Domestic Life, which focuses on mortality and morbidity-based products, and Domestic Retirement Services, which focuses on investment, retirement savings and income solution products.

SunAmerica s Domestic Life operations are conducted through American General Life Insurance Company, a leading provider of individual term and universal life insurance solutions to middle-income and high-net-worth customers.

SunAmerica s Domestic Retirement Services operations are conducted through three key units The Variable Annuity Life Insurance Company ( VALIC ), which offers group defined contribution retirement savings plans sponsored by education, healthcare, government and other not-for-profit organizations; Western National Life Insurance Company ( Western National ), which sells fixed annuities through the bank channel; and SunAmerica Retirement Markets, which offers individual variable annuities. VALIC is the leading group defined contribution provider in the public K-12 education market, as measured by assets, and Western National has been the leader in sales of fixed annuity products through the bank channel for 15 consecutive years.

Domestic Retirement Services also includes SunAmerica s Brokerage Services, Retail Mutual Funds and Other business units. Brokerage Services represents the operations of the Advisor Group, one of the largest networks of independent financial advisors in the United States. Retail Mutual Funds represents the operations of SunAmerica Asset Management, which offers retail mutual funds and provides management and administrative services for a portion of SunAmerica s variable annuity business. The Other business unit includes the operations of SunAmerica Affordable Housing Partners and closed blocks of guaranteed investment contracts and individual annuities.

***International Lease Finance Corporation***

ILFC, one of the world s leading aircraft lessors, acquires commercial jet aircraft from various manufacturers and other parties and leases those aircraft to airlines around the world. ILFC also sells aircraft from its fleet to other leasing companies, financial services companies and airlines. In addition, ILFC provides management services to third-party owners of aircraft portfolios for a management fee. In 2010, approximately 45 percent of revenue from the rentals of ILFC s flight equipment came from Europe, 31 percent from the Asia and Pacific region, 4 percent from Latin America, 12 percent from the Middle East and Africa and only 8 percent from the U.S. and Canada. As of March 31, 2011, ILFC owned 933 aircraft in its leased fleet and provided fleet management services for 92 additional aircraft.

ILFC purchases new aircraft that it believes will have the greatest airline demand and operational longevity based on estimated future values, potential for remarketing, trends in supply and demand for the particular type, make and model of aircraft and engines, fuel economy, environmental considerations, operating costs and anticipated obsolescence. As of March 31, 2011, ILFC had contracted with The Boeing Company and Airbus S.A.S. to purchase 236 new aircraft for delivery through 2019, with an estimated purchase price of approximately $17.6 billion, four of which are scheduled to be delivered during the last nine months of 2011 with an estimated purchase price of approximately $174 million. ILFC leases the majority of its new aircraft well in advance of scheduled delivery. At March 31, 2011, ILFC had signed leases for all of its new aircraft deliveries through the end of August 2012.

Most of ILFC s aircraft are under operating leases with initial lease terms ranging from one year to 15 years with current maturities running through 2021. As a result, as of December 31, 2010, ILFC had high levels of

non-cancellable minimum future rental revenue, including approximately $4.2 billion for 2011, $3.6 billion for 2012, and $2.9 billion for 2013, which support its business through various market cycles.

Table of Contents

ILFC funds itself independently of AIG and has generally financed its operations, including aircraft purchases, through available cash balances, internally generated funds, including aircraft sales, and debt financings. During 2010, ILFC raised a total of $9.8 billion in secured and unsecured debt financings; in January 2011, ILFC entered into an unsecured $2.0 billion three-year revolving credit facility; and in March 2011, ILFC entered into a secured term loan facility, which was upsized to approximately $1.5 billion in April 2011.

***United Guaranty Corporation***

United Guaranty is a leading provider of residential mortgage guaranty insurance that covers mortgage lenders for first loss for credit defaults on high loan-to-value conventional first lien mortgages for the purchase or refinance of one-to four-family residences. United Guaranty s longstanding presence in the sector has allowed it to build a customer base that includes many of the nation s largest and highest quality mortgage lenders, including national mortgage banks, money center banks, credit unions, community banks, builder-owned mortgage lenders and internet-sourced lenders. In addition, United Guaranty has one of the strongest risk-to-capital ratios and highest gross reserves per delinquency among its U.S. mortgage guaranty insurance peers. United Guaranty previously insured second-lien business and private student loans, but ceased insuring new production for these products in 2008. As of March 31, 2011, United Guaranty reported $32.5 billion of guaranty insurance risk-in-force.

The deterioration in the U.S. residential housing market over the last few years has adversely affected the level of losses incurred by mortgage insurers, leading United Guaranty to increase its focus on the quality of underwriting and management of legacy risk-in-force. The industry s retrenchment has caused pricing for the insurance products that United Guaranty offers to rise, which we believe has created significant opportunities for United Guaranty in the current environment.

**Recapitalization**

In late 2008, liquidity issues resulted in our seeking and receiving governmental support through a credit facility ( FRBNY Credit Facility ) from the FRBNY and funding from the Treasury, the selling shareholder in this offering, through the TARP. On January 14, 2011, we were recapitalized through a series of transactions that resulted in Treasury becoming our majority shareholder with ownership of approximately 92 percent of our outstanding common stock (the Recapitalization ). The Recapitalization included repaying and terminating the FRBNY Credit Facility, applying proceeds from the AIA initial public offering and the ALICO sale to repay partially the U.S. Government ownership interests in special purpose vehicles that held AIA and ALICO, and exchanging preferred stock held by Treasury and the AIG Credit Facility Trust (the Trust ) for our common stock. As a result of the termination of the FRBNY Credit Facility, we recorded a net $3.3 billion pre-tax loss on the extinguishment of debt in the first quarter of 2011, primarily representing the accelerated amortization of the remaining prepaid commitment fee asset.

As of the date of this prospectus supplement, in addition to the Treasury s common equity stake in us, our outstanding assistance from the U.S. Government consists of approximately $11 billion of preferred interests in AIA SPV, and a $2 billion undrawn commitment under our Series G Cumulative Mandatory Convertible Preferred Stock, par value $5.00 per share ( Series G Preferred Stock ), which will be terminated upon closing of this offering (assuming the net proceeds to us from this offering exceed $2 billion). In addition, the FRBNY provided loans with an outstanding balance of approximately $26 billion as of March 30, 2011 to Maiden Lane II and Maiden Lane III, in which we own an economic interest. Maiden Lane II and Maiden Lane III were created by the FRBNY to purchase residential mortgage-backed securities and multi-sector collateralized debt obligations to alleviate capital and liquidity pressures stemming from our securities lending program and credit default swap contracts. These loans are expected to be repaid by cash flows from or sales of their respective underlying assets and are non-recourse to us.

**Recent Developments**

*Transfer of Asbestos Liabilities.* On April 20, 2011, Chartis announced that it had entered into an agreement with National Indemnity Company ( NICO ), a subsidiary of Berkshire Hathaway, Inc., under which the bulk of Chartis U.S. asbestos liabilities will be transferred to NICO as part of Chartis ongoing strategy to reduce its overall loss reserve development risk. The transaction with NICO covers potentially volatile U.S. asbestos-related exposures. The transaction does not cover asbestos accounts that Chartis believes have already been reserved

**Table of Contents**

to their limit of liability or certain other ancillary asbestos exposure assumed by Chartis affiliates. Upon the closing of the NICO transaction, but effective as of January 1, 2011, Chartis will cede the bulk of its net asbestos liabilities to NICO under a retroactive reinsurance agreement with an aggregate limit of $3.5 billion. Chartis will pay NICO approximately $1.65 billion in respect of the cession. As a result of this transaction, Chartis expects to record a deferred gain of approximately $200 million in the second quarter of 2011, which will be deferred and amortized into Chartis results of operations over the settlement period of the underlying claims. Subject to required regulatory approvals, execution of definitive transaction documentation, and satisfaction of other conditions, the NICO transaction is expected to close in the second quarter of 2011.

*Japanese Earthquake-Related Losses and Other Catastrophe Losses.* In connection with the recent earthquake in Japan and the consequent tsunami (the Tohoku Catastrophe ) and related exposures, as well as other catastrophe losses, including the New Zealand earthquake and Australian floods, we recorded in the first quarter of 2011 a pre-tax catastrophe loss of $1.7 billion (of which $1.3 billion is attributable to the Tohoku Catastrophe, or $0.9 billion after tax), net of all reinsurance recoverables.

The Tohoku Catastrophe-related loss includes $436 million relating to Chartis participation in the Japanese Earthquake Reinsurance Company ( JERC ). The JERC is a joint government-private sector insurance system that is the exclusive provider of earthquake coverage for personal dwellings and their contents in Japan. Under the JERC system, a maximum of 5.5 trillion Yen ($67 billion at the March 31, 2011 exchange rate) of industry-wide losses will be covered by the Japanese government, the JERC and private general insurance companies in Japan through five layers of liability. Fuji is a 6.2 percent shareholder of the JERC. As such, Fuji, in accordance with Japanese statutory accounting rules, as well as the requirements of private sector participants in the JERC, had previously established reserves of approximately $482 million for potential claims associated with earthquake damage to personal dwellings. These reserves, which are backed by funds held by the JERC, exist to cover the potential losses that Fuji could sustain in connection with JERC-related claims. Given these statutory reserves, and its current estimate of losses, Chartis expects minimal net effects on the statutory capital and liquidity of its Japanese operations.

The Tohoku Catastrophe caused significant damage to Japan s transportation, power, manufacturing and service sectors and resulted in disruptions to supply chains, particularly in the technology and automobile industries. These disruptions may result in contingent business interruption ( CBI ) claims from insureds.

Generally, CBI coverage reimburses insureds for loss of business income or extra expense as a result of physical damage sustained by a supplier. The insured s supplier must have sustained physical damage by a peril otherwise covered by the insured s property policy and is subject to the insured s respective policy terms and conditions. Potential CBI losses are difficult to initially ascertain due to the unique facts and circumstances of each insured s supply chain and the specific conditions of its CBI coverage.

Chartis believes that the estimated loss liabilities for the Tohoku Catastrophe, including reserves established for CBI claims and JERC-related losses, are reasonable. However, given the unprecedented nature of the catastrophe and the inherent nature of the underlying claims, the subsequent development of these liabilities in future periods could vary materially from amounts included in our unaudited financial statements for the quarterly period ended March 31, 2011.

*Sale of Nan Shan.* On January 12, 2011, we entered into an agreement to sell our 97.57 percent interest in Nan Shan Life Insurance Company, Ltd. ( Nan Shan ) for $2.16 billion in cash to a Taiwan-based consortium. While we believe the consortium meets certain basic criteria established by the Financial Supervisory Commission of Taiwan, the transaction is still subject to regulatory approvals and other closing conditions. Discussions with regulators and other interested parties are ongoing. The sale of Nan Shan is expected to be consummated in 2011.

*Our principal executive offices are located at 180 Maiden Lane, New York, New York 10038, and the main telephone number is (212) 770-7000. The Internet address for our 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 our website or that can be accessed through our website does not constitute a part of this prospectus supplement or the accompanying prospectus. We have included our website address only as an inactive textual reference and we do not intend it to be an active link to our website.*

**Table of Contents**

### Summary Historical Consolidated Financial Data

The following table summarizes historical consolidated financial information of AIG Parent and its consolidated subsidiaries, which have been derived from our unaudited consolidated financial statements for the three months ended March 31, 2011 and 2010 and audited consolidated financial statements for each of the years in the three-year period ended December 31, 2010, including the effects of reclassification of annual data to conform to the March 31, 2011 presentation. The selected financial data for the three months ended March 31, 2011 and 2010 should be read in conjunction with our unaudited consolidated financial statements and notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which is incorporated by reference into the accompanying prospectus, and, in the opinion of our management, have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of our operating results and financial position as of those dates and for those periods. The selected financial data for the years ended December 31, 2010, 2009 and 2008 should be read in conjunction with our audited consolidated financial statements and notes and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference in the accompanying prospectus. See Where You Can Find More Information in the accompanying prospectus. The financial information for the year ended December 31, 2010 and the quarter ended March 31, 2011 reflects the effects of AIG s sales of certain material assets and therefore is not fully comparable to prior periods. The selected financial data for the three months ended March 31, 2011 are not necessarily indicative of our results and performance for any future period.

| | Three Months Ended March 31, | | Years Ended December 31, | | |
|---|---|---|---|---|---|
| **(in millions, except share data)** | **2011** | **2010** | **2010** | **2009** | **2008** |
| **Revenues:** | | | | | |
| Premiums | $ 9,482 | $ 10,914 | $ 45,319 | $ 48,583 | $ 60,147 |
| Policy fees | 684 | 648 | 2,710 | 2,656 | 2,990 |
| Net investment income | 5,569 | 5,200 | 20,934 | 18,992 | 10,453 |
| Net realized capital gains (losses): | | | | | |
| Total other-than-temporary impairments on available for sale securities | (218) | (200) | (1,712) | (6,096) | (41,409) |
| Portion of other-than-temporary impairments on available for sale fixed maturity securities recognized in Accumulated other comprehensive income | 3 | (459) | (812) | 316 | |
| Net other-than-temporary impairments on available for sale securities recognized in net income (loss) | (215) | (659) | (2,524) | (5,780) | (41,409) |
| Other realized capital gains (losses) | (436) | 325 | 2,349 | 570 | (5,385 |