

AMERICAN INTERNATIONAL GROUP INC

Form FWP

January 12, 2007

Filed Pursuant to Rule 433
Registration No. 333-106040
January 10, 2007

American International Group, Inc. (Issuer)
Medium-Term Notes, Series AIG-FP
US Dollar Zero Coupon Callable Notes due January 18, 2047

Trade Date: January 10, 2007

Settlement Date: January 18, 2007

Maturity Date: January 18, 2047

CUSIP: 02687QBH0

Par Amount: \$10,000,000

Purchase Price: 100% of Par Amount

Underwriter: Merrill Lynch, Pierce, Fenner & Smith Incorporated

Redemption Dates: Callable in whole at the option of the Issuer at the Accreted Value starting January 18, 2012 and on each semi-annual payment date thereafter (each a Redemption Date), with 10 New York business days notice

Accreted Value: Accreted Value as shown on next page

Redemption Amount at
Maturity: \$135,329,000

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Fixed Rate: 0.00% coupon, 6.62% accretion yield, compounded semi-annually on a 30/360 day count basis, and paid at the earlier of the Redemption Date or Maturity on a Following New York Business Day Convention

Fixed Compounding Dates: January 18 and July 18
No adjustment for period end dates

Denominations: \$1,000 with increments of \$1,000

Form of Note: Book entry, DTC

Format: SEC Registered

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling the **Merrill Lynch prospectus department** toll free **866-500-5408**

40 Year Non-Call 5 Year Accretion Schedule

| Call Date | Call Amount (Accreted Value) | Call Date | Call Amount (Accreted Value) |
|------------------|---|------------------|---|
| n/a | 10,000,000 | | |
| n/a | 10,331,001 | 7/18/2027 | 38,004,745 |
| n/a | 10,672,957 | 1/18/2028 | 39,262,704 |
| n/a | 11,026,233 | 7/18/2028 | 40,562,302 |
| n/a | 11,391,202 | 1/18/2029 | 41,904,917 |
| n/a | 11,768,251 | 7/18/2029 | 43,291,972 |
| n/a | 12,157,781 | 1/18/2030 | 44,724,938 |
| n/a | 12,560,204 | 7/18/2030 | 46,205,337 |
| n/a | 12,975,948 | 1/18/2031 | 47,734,736 |
| n/a | 13,405,452 | 7/18/2031 | 49,314,758 |
| 1/18/2012 | 13,849,174 | 1/18/2032 | 50,947,080 |
| 7/18/2012 | 14,307,582 | 7/18/2032 | 52,633,431 |
| 1/18/2013 | 14,781,164 | 1/18/2033 | 54,375,601 |
| 7/18/2013 | 15,270,421 | 7/18/2033 | 56,175,436 |
| 1/18/2014 | 15,775,873 | 1/18/2034 | 58,034,846 |
| 7/18/2014 | 16,298,055 | 7/18/2034 | 59,955,803 |
| 1/18/2015 | 16,837,522 | 1/18/2035 | 61,940,344 |
| 7/18/2015 | 17,394,845 | 7/18/2035 | 63,990,573 |
| 1/18/2016 | 17,970,615 | 1/18/2036 | 66,108,664 |
| 7/18/2016 | 18,565,444 | 7/18/2036 | 68,296,865 |
| 1/18/2017 | 19,179,961 | 1/18/2037 | 70,557,495 |
| 7/18/2017 | 19,814,819 | 7/18/2037 | 72,892,952 |
| 1/18/2018 | 20,470,690 | 1/18/2038 | 75,305,713 |
| 7/18/2018 | 21,148,271 | 7/18/2038 | 77,798,337 |
| 1/18/2019 | 21,848,280 | 1/18/2039 | 80,373,466 |
| 7/18/2019 | 22,571,460 | 7/18/2039 | 83,033,833 |
| 1/18/2020 | 23,318,576 | 1/18/2040 | 85,782,257 |
| 7/18/2020 | 24,090,423 | 7/18/2040 | 88,621,655 |
| 1/18/2021 | 24,887,817 | 1/18/2041 | 91,555,037 |
| 7/18/2021 | 25,711,605 | 7/18/2041 | 94,585,514 |
| 1/18/2022 | 26,562,661 | 1/18/2042 | 97,716,300 |
| 7/18/2022 | 27,441,886 | 7/18/2042 | 100,950,715 |
| 1/18/2023 | 28,350,214 | 1/18/2043 | 104,292,190 |
| 7/18/2023 | 29,288,608 | 7/18/2043 | 107,744,267 |
| 1/18/2024 | 30,258,063 | 1/18/2044 | 111,310,609 |
| 7/18/2024 | 31,259,607 | 7/18/2044 | 114,994,996 |
| 1/18/2025 | 32,294,301 | 1/18/2045 | 118,801,337 |
| 7/18/2025 | 33,363,245 | 7/18/2045 | 122,733,668 |
| 1/18/2026 | 34,467,570 | 1/18/2046 | 126,796,160 |
| 7/18/2026 | 35,608,448 | 7/18/2046 | 130,993,120 |
| 1/18/2027 | 36,787,090 | 1/18/2047 | 135,329,000 |