

AMERICAN INTERNATIONAL GROUP INC

Form 424B2

October 17, 2006

PRICING SUPPLEMENT NO. MP-2  
 DATED OCTOBER 13, 2006  
 TO PROSPECTUS DATED JULY 24, 2006  
 AND PROSPECTUS SUPPLEMENT DATED OCTOBER 12, 2006

FILED PURSUANT TO RULE 424(b)(2)  
 REGISTRATION NO. 333-106040

**AMERICAN INTERNATIONAL GROUP, INC.**  
**FLOATING RATE MEDIUM-TERM NOTES, SERIES MP, MATCHED INVESTMENT PROGRAM, DUE**  
**OCTOBER 18, 2011**

Principal Amount: U.S.\$400,000,000  
 Agents Discount or Commission: U.S.\$1,000,000  
 Net Proceeds to Issuer: U.S.\$399,000,000  
 Form:  Book Entry  Certificated  
 Specified Currency (If other than U.S. dollars): N/A

Original Issue Date: October 18, 2006  
 Stated Maturity: October 18, 2011  
 Interest Rate: 3 Month Libor + 11 bps  
 CUSIP No.: 02687QBD9  
 Authorized Denominations (If other than U.S.\$1,000  
 and integral multiples of U.S.\$1,000 in excess  
 thereof): N/A

The notes are being placed through or purchased by the Agents listed below:

Lehman Brothers Inc.	U.S.\$ 113,333,000	Capacity:	<input type="checkbox"/> Agent	<input type="checkbox"/> Principal
Morgan Stanley & Co. Incorporated	U.S.\$ 113,333,000	Capacity:	<input type="checkbox"/> Agent	<input type="checkbox"/> Principal
Wachovia Capital Markets, LLC	U.S.\$ 113,334,000	Capacity:	<input type="checkbox"/> Agent	<input type="checkbox"/> Principal
Citigroup Global Markets Inc.	U.S.\$ 15,000,000	Capacity:	<input type="checkbox"/> Agent	<input type="checkbox"/> Principal
Credit Suisse Securities (USA) LLC	U.S.\$ 15,000,000	Capacity:	<input type="checkbox"/> Agent	<input type="checkbox"/> Principal
Deutsche Bank Securities Inc.	U.S.\$ 15,000,000	Capacity:	<input type="checkbox"/> Agent	<input type="checkbox"/> Principal
HSBC Securities (USA) Inc.	U.S.\$ 15,000,000	Capacity:	<input type="checkbox"/> Agent	<input type="checkbox"/> Principal

If as Agent: The notes are being offered at a fixed initial public offering price of \_\_\_% of principal amount.

If as Principal:  The notes are being offered at varying prices related to prevailing market prices at the time of resale.  
 The notes are being offered at a fixed initial public offering price of 100% of principal amount.

Initial Interest Rate: 5.48438%

Interest Reset Dates: Quarterly on each January 18, April 18, July 18 and October 18

Interest Payment Dates: Quarterly on each January 18, April 18, July 18 and October 18, commencing on January 18, 2007

INTEREST RATE BASIS OR BASES:

CD Rate

CMT Rate

Regular Record Dates: 15 calendar days prior to each Interest Payment Date

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Spread (+/-): + 11 bps

Spread Multiplier: N/A

Maximum Interest Rate: N/A

Minimum Interest Rate: N/A

Index Maturity: 3 Months

INTEREST CALCULATION:

Regular Floating Rate Note

Floating Rate/Fixed Rate Note

Fixed Rate Commencement Date:

Fixed Interest Rate:

Inverse Floating Rate Note

Fixed Interest Rate:

Redemption Provisions:

The notes cannot be redeemed prior to the Stated Maturity.

The notes may be redeemed prior to the Stated Maturity.

One-Week Average Yield

One-Month Average Yield

Commercial Paper Rate

Eleventh District Cost of Funds Rate

Federal Funds Open Rate

Federal Funds Rate

LIBOR

LIBOR Reuters

LIBOR Moneyline Telerate

Prime Rate

Treasury Rate

Other \_\_\_\_\_

Initial Redemption Date:

Initial Redemption Percentage: \_\_\_\_%

Annual Redemption Percentage Reduction: \_\_\_\_%

Optional Repayment Provisions:

- ⓑ The notes cannot be repaid prior to the Stated Maturity.
  - The notes can be repaid prior to the Stated Maturity at the option of the holder of the notes.
- Optional Repayment Date(s):

Use of Proceeds: We intend to use the net proceeds from the sale of the notes to fund the AIG Matched Investment Program, American International Group, Inc.'s principal spread-based investment activity.

Other Provisions:

Calculation Agent: The Bank of New York

We are offering notes on a continuing basis through AIG Financial Securities Corp., ABN AMRO Incorporated, Banca IMI S.p.A., Banc of America Securities LLC, Barclays Capital Inc., Bear, Stearns & Co. Inc., BMO Capital Markets Corp., BNP Paribas Securities Corp., BNY Capital Markets, Inc., Calyon Securities (USA) Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Daiwa Securities America Inc., Daiwa Securities SMBC Europe Limited, Deutsche Bank Securities Inc., Goldman, Sachs & Co., Greenwich Capital Markets, Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., McDonald Investments Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mitsubishi UFJ Securities International plc, Morgan Stanley & Co. Incorporated, RBC Capital Markets Corporation, Santander Investment Securities Inc., Scotia Capital (USA) Inc., SG Americas Securities, LLC, TD Securities (USA) LLC, UBS Securities LLC, and Wachovia Capital Markets, LLC, as agents, each of which has agreed to use its best efforts to solicit offers to purchase notes. We may also accept offers to purchase notes through other agents. See Plan of Distribution in the accompanying prospectus supplement. To date, including the notes described by this pricing supplement, we have accepted offers to purchase \$1,750,000,000 aggregate principal amount (or its equivalent in one or more foreign currencies) of notes described in the accompanying prospectus supplement.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if the prospectus, the prospectus supplement or this pricing supplement is truthful or complete. Any representation to the contrary is a criminal offense.**