

AMERICAN INTERNATIONAL GROUP INC (AIG)

180 MAIDEN LANE
NEW YORK, NY 10038
212. 770.7000

8-K

FORM 8-K
Filed on 03/06/2012 – Period: 03/03/2012
File Number 001-08787



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 3, 2012

AMERICAN INTERNATIONAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-8787
(Commission
File Number)

13-2592361
(IRS Employer
Identification No.)

180 Maiden Lane
New York, New York 10038
(Address of principal executive offices)

Registrant's telephone number, including area code: (212) 770-7000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

In connection with the sale of ordinary shares of AIA Group Limited (AIA) announced by American International Group, Inc. (AIG) in its press release on March 4, 2012 included in AIG's Current Report on Form 8-K filed March 5, 2012, on March 3, 2012, AIG, AM Holdings LLC (formerly ALICO Holdings LLC) and AIA Aurora LLC entered into a letter agreement (the Letter Agreement) with the United States Department of the Treasury (Treasury) pursuant to which they received the consent of the Treasury to the sale.

A copy of the Letter Agreement is attached hereto as Exhibit 2.1 and incorporated herein by reference.

Item 8.01. Other Events.

On March 5, 2012, AIG issued a press release announcing that it had priced the sale of 1.72 billion ordinary shares of AIA by means of a placing to certain institutional investors. Upon the closing of the placing, which is scheduled for March 8, 2012, and is subject to customary closing conditions, AIG will receive gross proceeds of approximately US\$6.0 billion, based upon a purchase price of HK\$27.15 (approximately US\$3.50) per share. AIG will use the net proceeds from the placing of AIA ordinary shares to reduce the balance due to the Treasury on Treasury's preferred equity interest in the special purpose vehicle through which AIG holds the AIA ordinary shares. Under the terms of an agreement with the managers of the placing, AIG is restricted from selling any of its remaining ordinary shares of AIA until September 4, 2012, subject to customary exceptions, including receiving prior consent of certain lead managers of the placing.

The AIA ordinary shares have not been and will not be registered under the Securities Act of 1933, as amended, or any state securities laws. Therefore, the AIA ordinary shares may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act of 1933, as amended, and any applicable state securities laws.

A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated into this Item 8.01 by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 2.1 Letter Agreement, dated as of March 3, 2012, among American International Group, Inc., AIA Aurora LLC, AM Holdings LLC and the United States Department of the Treasury

Exhibit 99.1 Press release dated March 5, 2012

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN INTERNATIONAL GROUP, INC.
(Registrant)

Date: March 6, 2012

By: _____ /s/ KATHLEEN E. SHANNON
Name: Kathleen E. Shannon
Title: Senior Vice President and Deputy General Counsel

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 2.1	Letter Agreement, dated as of March 3, 2012, among American International Group, Inc., AIA Aurora LLC, AM Holdings LLC and the United States Department of the Treasury
Exhibit 99.1	Press release dated March 5, 2012

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EX-2.1

LETTER AGREEMENT, DATED AS OF MARCH 3, 2012
8-K Filed on 03/06/2012 - Period: 03/03/2012
File Number 001-08787



March 3, 2012

United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220
Attention: Chief Counsel, Office of Financial Stability

AIA Aurora LLC
180 Maiden Lane
New York, NY 10038

AM Holdings LLC
180 Maiden Lane
New York, NY 10038

Re: Proposed AIA Offering

Ladies and Gentlemen:

Reference is made to: (i) the Master Transaction Agreement dated as of December 8, 2010 (the "**Master Transaction Agreement**") among American International Group, Inc. ("**AIG**"), AM Holdings LLC (formerly ALICO Holdings LLC) (the "**ALICO SPV**"), AIA Aurora LLC (the "**AIA SPV**"), the Federal Reserve Bank of New York, the United States Department of the Treasury (the "**UST**") and the AIG Credit Facility Trust; (ii) the Guarantee, Pledge and Proceeds Application Agreement dated as of January 14, 2011 (as amended, the "**GPPA**") among AIG, the Guarantors party thereto and the AIA SPV and ALICO SPV, as the Secured Parties; and (iii) the Fourth Amended and Restated Limited Liability Company Agreement of AIA Aurora LLC dated as of December 1, 2009 (as amended, including by the Master Transaction Agreement, the "**LLC Agreement**"). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Master Transaction Agreement.

1. **Consent to AIA Offering.** (a) As contemplated by the Transaction Documents and the LLC Agreement, by signing and returning an executed counterpart of this letter, subject to the acknowledgments and agreements set forth in Section 1(b) of this Agreement, the UST, in its capacity as Rights Holder, consents to the Transfer (as defined in the LLC Agreement) of all or any portion of the Subject Securities of the AIA SPV (the "**AIA Shares**") to be effected on the Hong Kong Stock Exchange and completed during March 2012 as previously discussed with the UST (the "**Proposed AIA Offering**").

(b) AIG hereby acknowledges that the UST's consent is conditioned upon the following acknowledgments and agreements, and AIG hereby acknowledges and agrees with the UST as follows:

- (i) AIG shall not, and shall not permit the AIA SPV to, (A) enter into any underwriting agreement, placement agreement or similar arrangement with respect to the Proposed AIA Offering or (B) agree to the final pricing terms of the Proposed AIA Offering, in either case without the prior consent of the Rights Holder (which may be given by either Matthew Pendo, Chief Investment Officer of the TARP, or Jesse Saglio, Director of the UST's AIG Program, by electronic mail or by any other writing).
- (ii) AIG shall keep the Rights Holder fully informed, on a current basis, of any material developments in connection with, and any notices or other material communications in respect of, the Proposed AIA Offering.

2. Other Acknowledgments. AIG and the UST hereby acknowledge and agree that:

(a) without limitation on Section 6(g) of the GPPA, the UST will, at AIG's expense, cooperate with AIG with respect to (i) mutually acceptable custodial arrangements for and the prompt delivery of the AIA Shares represented by physical certificates held by the UST and (ii) the conversion of such AIA Shares into uncertificated securities and/or other arrangements for evidencing the record or other ownership of such AIA Shares, in each case, as may be reasonably necessary for the timely consummation of the Proposed AIA Offering;

(b) the UST hereby waives its right as Rights Holder under Section 7.03(b)(iii)(C) of the Master Transaction Agreement to appoint one of the underwriters or placement agents of the Proposed AIA Offering;

Sections 1.02 (Other Definitional and Interpretative Provisions), 12.01 (Notices), 12.03 (Amendments and Waivers), 12.07 (Governing Law; Submission to Jurisdiction; Service of Process), 12.08 (WAIVER OF JURY TRIAL) and 12.09 (Counterparts; Effectiveness) of the Master Transaction Agreement are incorporated herein by reference as if fully set forth herein.

[Remainder of this page intentionally left blank]

Yours sincerely,

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Brian T. Schreiber

Name: Brian T. Schreiber

Title: Executive Vice President and Treasurer

Acknowledged and agreed:

UNITED STATES DEPARTMENT OF THE TREASURY

By: /s/ Timothy G. Massad

Name: Timothy G. Massad

Title: Assistant Secretary for Financial Stability

AIA AURORA LLC

By: /s/ Brian T. Schreiber

Name: Brian T. Schreiber

Title: Manager

AM HOLDINGS LLC

By: /s/ Brian T. Schreiber

Name: Brian T. Schreiber

Title: Manager

[Signature Page to UST Consent]

cc: Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Attention: Paul R. Kingsley, John K. Knight and William J. Chudd

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Attention: Robert W. Reeder III, Michael M. Wiseman, Gary Israel

AMERICAN INTERNATIONAL GROUP INC (AIG)

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EX-99.1

PRESS RELEASE DATED MARCH 5, 2012
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File Number 001-08787





News Release

Contact: Liz Werner
(Investment Community)
(O): (212) 770-7074

Mark Herr (News Media)
(O): (212) 770-3505
(C): (718) 685-9348

AIG Announces Pricing of Sale of Ordinary Shares of AIA Group Limited

NEW YORK, March 5, 2012 – American International Group, Inc. (NYSE: AIG) announced today that it has priced the sale of 1.72 billion ordinary shares of AIA Group Limited (AIA) by means of a placing to certain institutional investors.

Upon the closing of the placing, which is scheduled for March 8, 2012, and is subject to customary closing conditions, AIG will receive gross proceeds of approximately US\$6.0 billion, based upon a purchase price of HK\$27.15 (approximately US\$3.50) per share. AIG will use the net proceeds from the placing of AIA ordinary shares to reduce the balance due to the U.S. Department of the Treasury (Treasury) on Treasury's preferred equity interest in the special purpose vehicle through which AIG holds the AIA ordinary shares. Under the terms of an agreement with the managers of the placing, AIG is restricted from selling any of its remaining ordinary shares of AIA until September 4, 2012, subject to customary exceptions, including receiving prior consent of certain lead managers of the placing.

The ordinary shares have not been and will not be registered under the Securities Act of 1933, as amended (the Securities Act), or any other applicable law, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and any other applicable law.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the ordinary shares, nor shall there be any sale of the ordinary shares in any jurisdiction in which such offer, solicitation, or sale would be unlawful. This press release is not for distribution or release in or into the Hong Kong Special Administrative Region of the People's Republic of China.

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This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, no assurance can be given that AIG will be able to complete the placing of the AIA ordinary shares. These forward-looking statements reflect AIG's current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Except for AIG's ongoing obligation to disclose material information as required by federal securities laws, it does not intend to provide an update concerning any future revisions to any forward-looking statements to reflect events or circumstances occurring after the date hereof.

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